

City of Lubbock, Texas
Regular City Council Meeting
Thursday, August 14, 2014

Glen C. Robertson, Mayor
Jim Gerlt, Mayor Pro Tem, District 4
Victor Hernandez, Councilman, District 1
Floyd Price, Councilman, District 2
Jeff Griffith, Councilman, District 3
Karen Gibson, Councilwoman, District 5
Latrell Joy, Councilwoman, District 6



James Loomis, City Manager
Chad Weaver, City Attorney
Rebecca Garza, City Secretary

<http://www.mylubbock.us>

City Council Chambers, 1625 13th Street, Lubbock, Texas

City of Lubbock City Council Meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary's Office at 775-2061 or write to Post Office Box 2000, Lubbock, Texas 79457 at least 48 hours in advance of the meeting.

Note: On occasion the City Council may consider agenda items out of order.

1:00 p.m. -- City Council convenes in open work session to consider items 1.-1.2.

2:30 p.m. -- City Council recesses into executive session to consider items 2.-2.4.1.

5:15 p.m. -- City Council reconvenes in open session to consider items 3.-8.

1. **Work Session - Items for presentations and discussions on such issues that may require more in-depth consideration of the City Council than Regular Agenda items. Action may be taken on a Work Session/Business Agenda item posting if the item indicates to the public the action to be taken.**
1. 1. Presentation of Lubbock Economic Development Alliance quarterly report.
1. 2. Hear a presentation and discuss the stormwater fees, and the proposed amendments to the fees, including the impact of the stormwater fee structure on the budget for FY 2014-15.
2. **Executive Session**
2. 1. Hold an executive session in accordance with Texas Government Code, Section 551.071, to discuss pending or contemplated litigation or settlement agreement, and hold a consultation with attorney.
2. 1. 1. Cause No. 3094-2013, City of Lubbock v. 1913 Baylor Avenue, Municipal Court of the City of Lubbock, Lubbock County, Texas (Villa Del Norte).
2. 1. 2. Discuss proposed adoption of rules by the Railroad Commission of Texas ("RRC") related to discovery procedures and rate case expenses regarding gas utility rate making, the City's ability to participate in the RRC adoption process and related matters.
2. 1. 3. Discuss Chapters 551 and 552 of the Texas Government Code.
2. 2. Hold an executive session in accordance with Texas Government Code, Section 551.072, to deliberate the purchase, exchange, lease, or value of real property.

2. 2. 1. Omni Building
2. 2. 2. Original T Lubbock BLK 143, Lot 1-4 & OL 31, City of Lubbock, Lubbock County, Texas.
2. 3. Hold an executive session in accordance with Texas Government Code, Section 551.074, to discuss personnel matters.
2. 3. 1. City Attorney
2. 3. 2. City Manager
2. 3. 3. City Secretary
2. 4. Hold an executive session in accordance with Texas Government Code, Section 551.086, on the following competitive matters (Electric Utilities):
2. 4. 1. Discuss competitive matters of the Electric Utility as described in Chapter 552.133(a-1)(1)(E) of the Texas Government Code.

3. **Proclamations and Presentations**

3. 1. Invocation by Pastor Brian Dupre, Redeemer Lutheran Church
3. 2. Pledges of Allegiance
3. 3. Presentation of a proclamation recognizing the week of August 14, 2014, as National Health Center Week.
4. **Citizen Comments - Any citizen wishing to appear before any regular meeting of the City Council to speak:**
 - shall contact the City Manager's Office of that fact to provide the City Manager's Office the subject matter that will be addressed, no later than seventy-five (75) hours before the meeting at which the citizen wishes to appear; or
 - shall sign up to speak at the City Council meeting itself in regard to any item posted on the City Council agenda under the "Citizen Comment Period."

Or, a citizen may sign up to speak at the City Council meeting itself on a topic that is not posted on the agenda under the "Open Citizen Comment" period.

REFER TO SUPPLEMENTAL AGENDA: CITIZEN COMMENT

5. **Minutes**

5. 1. June 17, 2014 Special City Council Meeting (EUB)
 July 7, 2014 Special City Council Meeting (EUB)
 July 10, 2014 Regular City Council Meeting

6. **Consent Agenda - Items considered to be routine and enacted by one motion without separate discussion. If the City Council desires to discuss an item, the item is removed from the Consent Agenda and considered separately.**
6. 1. **Resolution – Water Utilities:** Consider a resolution authorizing the Mayor to execute a professional services agreement contract 11793 with HDR Engineering, Inc. for engineering services related to the evaluation of aquifer storage and recovery systems, RFQ 14-11793-DT.
6. 2. **Resolution – Water Utilities:** Consider a resolution authorizing the Mayor to execute Change Order 1 to contract 11556 with Red River Construction Company for Southeast Water Reclamation Plant (SEWRP) Outfall Project.
6. 3. **Resolution – Public Works Engineering:** Consider a resolution authorizing the Mayor to execute Change Order 2 for contract 11430 with Red River Construction Company for services associated with North Water Treatment Plant (NWTP) Improvements No.1.
6. 4. **Resolution - Water Treatment:** Consider a resolution authorizing the Mayor to execute contract 11931 with Standard Purification for powdered activated carbon at the North Water Treatment Plant (NWTP), ITB 14-11931-KS.
6. 5. **Resolution - Aviation:** Consider a resolution authorizing the Mayor to accept a Federal Aviation Administration Grant Agreement 3-48-0138-039-2014 for up to \$35,669,756 to fund LBB Runway17R-35L Improvement Project.
6. 6. **Resolution - Facilities Management:** Consider a resolution authorizing the Mayor to execute Amendment 1 to professional services contract 11434 with ARMKO Industries, Inc. for services relating to Building Envelope Evaluations of City of Lubbock facilities.
6. 7. **Resolution - Telecommunications:** Consider a resolution authorizing the Mayor to execute purchase order contract 33000521 with AT&T Global Services, Inc., for Telephone System Upgrades.
6. 8. **Resolution - Cemetery:** Consider a resolution authorizing the Mayor to execute contract 11950 with Ground Effects for landscape maintenance at the City of Lubbock Cemetery, ITB 14-11950-TF.
6. 9. **Resolution - Community Development:** Consider a resolution approving the City of Lubbock 2014-18 Consolidated Plan (ConPlan) and 2014-15 Action Plan to be submitted to the U.S. Department of Housing and Urban Development (HUD).
6. 10. **Resolution - Benefits:** Consider a resolution authorizing the Mayor to execute contract 11842 with Dearborn National Insurance Company for the purchase of term life and accidental death and dismemberment insurance policies for full-time employees in the amount of \$10,000; to offer employee paid supplemental life insurance for themselves and their eligible dependents; to offer voluntary accidental death and dismemberment to employees and their dependents; and to offer employee paid long term disability, RFP 14-11842-DT.
6. 11. **Resolution – Police:** Consider a resolution authorizing the Mayor to execute contract 11539 with the Child Advocacy Research and Education Center of the Texas Tech University Health Sciences Center (TTUHSC) School of Medicine Department of Pediatrics for medical examinations of children who are victims of sexual assault.

7. **Regular Agenda**

7. 1. **Resolution - Finance:** Discussion concerning property tax rates and the impact it may have on City operations, the FY 2014-15 Operating Budget, Capital Program, and the consideration of a resolution adopting a proposed tax rate that will result in additional revenues as outlined in Section 26.05(d) of the Tax Code of the State of Texas, and setting the dates for public hearings to discuss the proposed tax rate.
7. 2. **Resolution - Finance:** Consider a resolution giving notice of the intention of the City Council to enter into a Tax Abatement Agreement with X-Fab Texas, Inc.
7. 3. **Resolution - Councilman Hernandez:** Consider a resolution finding that the exterior surfaces of the Omni Building, located at 1206 14th Street, Lubbock, Texas, constitute an imminent risk to public safety and welfare, and further authorizing the Mayor to execute contract 11920 with T&S Plastering, Inc. of Lubbock, Texas, to alleviate the conditions constituting said risk, consistent with state law.
8. **Open Citizen Comment**

**CITY OF LUBBOCK
SPECIAL CITY COUNCIL MEETING
June 17, 2014
11:30 A. M.**

The City Council of the City of Lubbock, Texas met in special session on the 17th of June, 2014, at Lubbock Power & Light (LP&L), 1301 Broadway - Basement Conference Room A, Lubbock, Texas at 11:30 a.m.

11:30 A.M. CITY COUNCIL CONVENED

Lubbock Power & Light (LP&L), 1301 Broadway - Basement Conference Room A, Lubbock, Texas

Present: Mayor Glen C. Robertson; Mayor Pro Tem Karen Gibson; Council Member Jim Gerlt; Council Member Victor Hernandez; Council Member Latrelle Joy; Council Member Todd R. Klein; City Manager James Loomis; City Secretary Rebecca Garza; City Attorney Chad Weaver

Absent: Council Member Floyd Price

Note: Council Member Todd R. Klein left Executive Session at 11:50 a.m. and returned at 12:27 p.m. Council Member Latrelle Joy arrived in Executive Session at 11:51 a.m. and left in Executive Session at 1:21 p.m.

This was a meeting of the Electric Utility Board. A quorum of Council Members attended and participated in discussions during the meeting which the board considered the following topics as shown below.

Note: Electric Utility Board (EUB) addressed agenda items in the following order:

- 1.1; and Executive Session.
- Items 3; 4.1-4.11; and 5.1 were deleted.

1. MINUTES

- 1. 1.** Approval of the minutes of the regular Electric Utility Board meeting of May 20, 2014, and the Special Electric Utility Board meeting of June 4, 2014.

Motion by Don Boatman, seconded by George Carpenter to approve the minutes of the regular Electric Utility Board meeting of May 20, 2014, and the Special Electric Utility Board meeting of June 4, 2014.

Vote: 6 - 0 Motion carried by the Board

Other: James Conwright (AWAY)

Suzanne Blake (AWAY)

Charles Dunn (AWAY)

2. EXECUTIVE

The meeting was called into a closed session at 11:37 a.m. under the provisions of Section 551, Texas Government Code. The meeting was called back into a public session at 2:43 p.m.

2. 1. Hold an executive session in accordance with V.T.C.A. Government Code §551.086 on the following competitive matters of Lubbock Power & Light:
 2. 1. 1. Discuss generation unit specific fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling. (Procurement of electric generation beginning in 2019; evaluation of generation sources and generation technologies; Off-take sales from the Massengale and Brandon generation facilities; Production Report).
 2. 1. 2. Discuss and deliberate proposals and strategies related to plans, studies, and analyses for system improvements, generation additions, or sales (other than transmission and distribution system improvements inside the service area for which LP&L is the sole certificated retail provider). (Procurement of electric generation beginning in 2019; evaluation of generation sources and generation technologies; Off-take sales from the Massengale and Brandon generation facilities; Production Report).
 2. 1. 3. Discuss and deliberate bidding and pricing information for purchased power, generation and fuel; purchased power agreements; risk management information and related services and strategies. (Procurement of electric generation beginning in 2019; evaluation of generation sources and generation technologies; Off-take sales from the Massengale and Brandon generation facilities; Production Report).
2. 2. Hold an executive session in accordance with V.T.C.A. Government Code, §551.071 seeking the advice of its legal counsel about pending or contemplated litigation or settlement agreements and hold a consultation with the attorney (Settlement with Gary Zheng; Texas Tech purchased power agreement).
2. 3. Hold an executive session in accordance with V.T.C.A. Government Code, § 551.074(a)(1) to deliberate the appointment, employment, evaluation, reassignment, duties of a public officer or employee (Director of Electric Utilities; WTMPA Board of Directors; acting General Counsel).
3. **PUBLIC COMMENT** - This is a thirty minute period dedicated to citizen comments. Each citizen will have three minutes to speak. All comments must be limited to only those items posted on the Electric Utility Board agenda. Any citizen wishing to speak shall sign up on the citizen comment sheet on the day of the Electric Utility Board Meeting. The Electric Utility Board shall follow the order of citizens wishing to speak as listed on the sign-up sheet. If everyone who signed up to speak has been given an opportunity to speak and the thirty minutes designated for citizen comment has not been exhausted, the Electric Utility Board, may, at its discretion open the floor to anyone else wishing to address Electric Utility Board, subject to all the same procedures and guidelines.

***This item was deleted.**

4. **REGULAR AGENDA**

4. 1. Update/report regarding customer service, business center practices, procedures and policies, billing procedures, staffing and performance.

***This item was deleted.**
4. 2. Discuss financial and capital statements, financing options, audits, and financial policies of Lubbock Power & Light relating to debt issuance issues, reserve account funding, cost allocation, revenue and expense projections of Lubbock Power & Light.

***This item was deleted.**

* This item was discussed without a quorum of Council Members present.

4. 3. Discuss, deliberate and the Board will take possible action regarding an amendment to the budget for a Scope of Work Agreement with Black & Veatch Corporation.
- *This item was deleted.**
4. 4. Consider and the Board will take action regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the CEO/Director of Electric Utilities.
- *This item was deleted.**
4. 5. Discuss, deliberate and the Board will take possible action regarding a recommendation to the Lubbock City Council regarding an appointment to the WTMPA Board.
- *This item was deleted.**
4. 6. Discuss Lubbock Power & Light's electric retail rate structure.
- *This item was deleted.**
4. 7. Discuss and the Board will take action on the budget and capital improvement plan of Lubbock Power & Light for fiscal year 2014-2015 and make appropriate recommendations to the City Council of the City of Lubbock pursuant to § 2.03.415(a) of the Code of Ordinances, City of Lubbock, Texas, Chapter 2, Division 12.
- *This item was deleted.**
4. 8. Discuss, deliberate and the Board will take possible action regarding the appointment and creation of a Low-Income Customer Committee.
- *This item was deleted.**
4. 9. Discuss Lubbock Power & Light customer education programs, including the Lubbock Power & Light website and bill statements.
- *This item was deleted.**
4. 10. Discuss, deliberate and the Board will take possible action regarding retention of Crenshaw, Dupree and Milam, LLP.
- *This item was deleted.**
4. 11. Discuss, deliberate and the Board will take possible action regarding the issuance of a Request for Qualifications for legal counsel.
- *This item was deleted.**
5. **CONSENT AGENDA** - Item 5.1 is considered to be routine and may be enacted by one motion without separate discussion. If the Electric Utility Board desires to discuss an item, the item is removed from the Consent Agenda and is considered separately.
5. 1. Discuss and the Board will take action and award a contract to South Plains Electric Cooperative for the installation of cable related to municipal street lights within certain parts of the City of Lubbock.
- *This item was deleted.**

* This item was discussed without a quorum of Council Members present.

2:43 P.M. CITY COUNCIL ADJOURNED

There being no further business to come before Council, the meeting was adjourned.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

**CITY OF LUBBOCK
SPECIAL CITY COUNCIL MEETING
July 7, 2014
9:00 A. M.**

The City Council of the City of Lubbock, Texas met in special session on the 7th of July, 2014, at Lubbock Power & Light (LP&L), 1301 Broadway - Second Floor Conference Room, Lubbock, Texas at 9:00 a.m.

9:00 A.M. CITY COUNCIL CONVENED

Lubbock Power & Light (LP&L), 1301 Broadway - Second Floor Conference Room, Lubbock, Texas

Present: Mayor Glen C. Robertson; Mayor Pro Tem Karen Gibson; Council Member Jim Gerlt; Council Member Jeff Griffith; Council Member Victor Hernandez; Council Member Latrelle Joy; City Manager James Loomis; City Secretary Rebecca Garza; City Attorney Chad Weaver

Absent: Council Member Floyd Price

Note: Council Member Latrelle Joy left the meeting at 10:40 a.m. Mayor Glen C. Robertson left the meeting at 11:00 a.m.

This was a meeting of the Electric Utility Board. A quorum of Council Members attended and participated in discussions during the meeting which the board considered the following topics as shown below.

Note: Electric Utility Board (EUB) addressed agenda items in the following order:

- *Executive Session; and 2.1-2.4.*

1. Executive Session

The meeting was called into a closed session at 9:05 a.m. under the provisions of Section 551, Texas Government Code. The meeting was called back into a public session at 10:50 a.m.

- 1. 1.** Hold an executive session in accordance with V.T.C.A. Government Code 551.071 seeking the advice of its legal counsel about pending or contemplating litigation or settlement agreements and hold a consultation with attorney (settlement with Gary Zheng).
- 1. 2.** Hold an executive session in accordance with V.T.C.A. Government Code 551.074 to deliberate the appointment, employment, evaluation, reassignment, duties of a public officer or employee (CEO/Director of Electric Utilities; Interim CEO/Director of Electric Utilities).

2. Regular Session

2. 1. Consider and the Board will take action regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the CEO/Director of Electric Utilities.

Motion by Clayton Isom, seconded by Charles Dunn to terminate Dr. Gary Zheng without cause, effective immediately.

Vote: 9 - 0 Motion carried by the Board.

2. 2. Consider and the Board will take action regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Interim CEO/Director of Electric Utilities.

Motion by Charles Dunn, seconded by Emilio Abeyta to appoint David McCalla as Interim CEO/Director of Electric Utilities.

Vote: 9 - 0 Motion carried by the Board.

2. 3. Discuss, deliberate and the Board will take possible action regarding a Severance and Release of Claims Agreement with Gary Zheng.

Motion by Jerry Bell, seconded by George Carpenter to accept the severance agreement and release of claims agreement with Gary Zheng with the following amendments:

1. Page 1, Section 1 add the City of Lubbock after LP&L
2. Page 1, Section 3 itemize the amounts in the total amount of \$692,764.53 to show amounts for two years severance pay, accrued sick time, and accrued vacation.

Vote: 8 - 1 Motion carried by the Board.

NAY: Charles Dunn

2. 4. Discuss, deliberate and the Board will take possible action regarding the issuance of a Request for Qualifications for professional executive recruiting services.

Motion by Clayton Isom, seconded by Don Boatman to postpone this item indefinitely.

Vote: 9 - 0 Motion carried by the Board.

11:08 A.M. CITY COUNCIL ADJOURNED

There being no further business to come before Council, the meeting was adjourned.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

CITY OF LUBBOCK
REGULAR CITY COUNCIL MEETING
July 10, 2014
1:00 P. M.

The City Council of the City of Lubbock, Texas met in regular session on the 10th of July, 2014, in City Council Chambers, City Hall, 1625 13th Street, Lubbock, Texas at 1:00 p. m.

1:00 P.M. CITY COUNCIL CONVENED
City Council Chambers, 1625 13th Street, Lubbock, Texas

Present: Mayor Glen C. Robertson; Mayor Pro Tem Karen Gibson; Council Member Jim Gerlt; Council Member Jeff Griffith; Council Member Victor Hernandez; Council Member Latrelle Joy; Council Member Floyd Price; City Manager James Loomis; City Secretary Rebecca Garza; City Attorney Chad Weaver

Note: City Council addressed agenda items in the following order:

- *1.1; Executive Session; 3.1-3.2; Citizen Comments (4.2-4.9; 4.1); Citizen Comments Sign-ups (4.10); 5.1; 6.1-6.4; 6.7-6.10; 6.14; 6.16-6.17; 6.19; 6.5-6.6.1; 6.11-6.13; 6.15; 6.18; 7.1-7.6 (7.6 reconsidered following 8.); Open Citizen Comments (8); and 7.6.*
- *No action was taken on items 7.2-7.3.*
- *Item 7.4 failed.*

1. Work Session

- 1. 1.** Presentation and discussion of the Proposed FY 2014-15 Operating Budget and Capital Program; and discuss all funds and operations of the City.

James Loomis, City Manager, presented a balanced budget requiring a 2.512 cent tax increase with a proposed property tax rate of 52.953 cents. Cheryl Brock, Budget Director, gave a presentation on the Proposed FY 2014-15 Operating Budget and Capital Program. Ramesh Ganesh, Internal Auditor, also answered questions from City Council.

2. Executive Session

The meeting recessed at 1:46 and reconvened in Executive Session at 2:30 p.m. under the provisions of Section 551, Texas Government Code. The meeting was called back into a public session at 5:15 p.m.

- 2. 1.** Hold an executive session in accordance with Vernon's Texas Codes Annotated (V.T.C.A.) Government Code, Section 551.071, to discuss pending or contemplated litigation or settlement agreement, and hold a consultation with attorney.

2. 1. 1. Discuss the waiver of the Attorney Client Privilege in regard to the report prepared by Tom Riney on July 15, 2013, and consider Attorney General Opinion number OR2013-17487.
2. 1. 2. City of Lubbock v. Lubbock Omni Office, Inc. et. al., Cause No. 2013-508,039, in the 237th District Court, Lubbock County, Texas.
2. 1. 3. Ken Teel, et. al. vs. Titeflex Corporation, et. al. vs. Thermo Dynamic Insulation, et. al., Cause No. 2012-504,105 in the 72nd District Court, Lubbock County, Texas.
2. 2. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.072, to deliberate the purchase, exchange, lease, or value of real property.
2. 2. 1. Omni Building, 1206 14th Street, Lubbock, Texas
2. 3. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.074, to discuss personnel matters and take appropriate action.
2. 3. 1. City Attorney
2. 3. 2. City Manager
2. 3. 3. City Secretary
2. 4. Hold an executive session in accordance with the Texas Government Code, Section 551.074, to discuss personnel matters regarding the duties, responsibilities, and/or appointments to the Lake Alan Henry Board of Appeals.

5:15 P.M. CITY COUNCIL RECONVENED
Council Chambers

3. Proclamations and Presentations

3. 1. Invocation by Father David Perdue, St. Stephens Episcopal Church
 Father David Perdue, St. Stephens Episcopal Church, led the invocation.

3. 2. Pledges of Allegiance

Pledges of Allegiance were given by those in Council Chambers to the United States flag and the Texas flag.

4. Citizen Comments - Any citizen wishing to appear before any regular meeting of the City Council to speak:

- shall contact the City Manager's Office of that fact to provide the City Manager's Office the subject matter that will be addressed, no later than seventy-five (75) hours before the meeting at which the citizen wishes to appear; or
- shall sign up to speak at the City Council meeting itself in regard to any item posted on the City Council agenda under the "Citizen Comment Period."

Or, a citizen may sign up to speak at the City Council meeting itself on a topic that is not posted on the agenda under the "Open Citizen Comment" period.

4. 1. Sanjuana Calvillo will appear before the City Council to discuss the Lubbock Power & Light budget and how it will affect her bill.

Sanjuana Calvillo appeared before City Council to discuss her LP&L bill and to speak in opposition of a rate increase.

4. 2. Kay Kamm will appear before the City Council to discuss the Smoke Free Ordinance.

Kay Kamm appeared before City Council to discuss a possible Smoke Free Ordinance.

4. 3. Stephen LoCascio will appear before the City Council to discuss the Smoke Free Ordinance.

Stephen LoCascio appeared before the City Council to discuss a possible Smoke Free Ordinance.

4. 4. Antoine Craft will appear before the City Council to discuss the Smoke Free Ordinance.

Antoine Craft appeared before City Council to discuss a possible Smoke Free Ordinance.

4. 5. Michael Clintsman will appear before the City Council to discuss the Smoke Free Ordinance.

Michael Clintsman appeared before City Council to discuss a possible Smoke Free Ordinance.

4. 6. Page Clintsman will appear before the City Council to discuss the Smoke Free Ordinance.

Page Clintsman appeared before City Council to discuss a possible Smoke Free Ordinance.

4. 7. Megan O'Connor will appear before the City Council to discuss the Smoke Free Ordinance.

Ms. O'Connor did not appear.

4. 8. Carrie Harris will appear before City Council to discuss the Smoke Free Ordinance.

Carrie Harris appeared before City Council to discuss a possible Smoke Free Ordinance.

4. 9. Matthew Harris will appear before the City Council to discuss the Smoke Free Ordinance.

Matthew Harris appeared before the City Council to discuss a possible Smoke Free Ordinance.

4. 10. **Sign-ups:**

- Scott Stephenson appeared before City Council to speak in opposition of a Smoke Free Ordinance.

5. **Minutes**

5. 1. May 20, 2014 Special City Council Meeting (EUB)
June 4, 2014 Special City Council Meeting (EUB)
June 10, 2014 Special City Council Meeting (Budget)
June 12, 2014 Regular City Council Meeting

Motion by Mayor Pro Tem Karen Gibson, seconded by Council Member Floyd Price to approve the May 20, 2014 Special City Council Meeting (EUB) minutes; the June 4, 2014 Special City Council Meeting (EUB) minutes; the June 10, 2014 Special City Council Meeting (Budget) minutes; and the June 12, 2014 Regular City Council Meeting minutes.

Vote: 7 - 0 Motion carried

- 6. Consent Agenda - Items considered to be routine and enacted by one motion without separate discussion. If the City Council desires to discuss an item, the item is removed from the Consent Agenda and considered separately.**

Motion by Council Member Jim Gerlt, seconded by Council Member Floyd Price to approve items 6.1-6.4; 6.7-6.10; 6.14; 6.16-6.17; and 6.19.

Vote: 7 - 0 Motion carried

- 6. 1. Budget Amendment Ordinance 1st Reading - Finance:** Ordinance No. 2014-O0102, Amendment 33, amending the FY 2013-14 budget for municipal purposes respecting the General Fund to amend City Attorney and City Prosecutor expenditures; and to amend position control; providing for filing; and providing for a savings clause.
- 6. 2. Budget Amendment Ordinance 1st Reading - Finance:** Ordinance No. 2014-O0103, Amendment 34, amending the FY 2013-14 budget for municipal purposes respecting the Grant Fund to accept and appropriate additional funding from the Federal Transit Administration (FTA) for the Section 5307 Grant; providing for filing; and providing for a savings clause.
- 6. 3. Budget Amendment Ordinance 1st Reading - Finance:** Ordinance No. 2014-O0104, Amendment 36, amending the FY 2013-14 budget for municipal purposes respecting the Airport Fund to decrease expenditures and the General Fund to decrease revenues; appropriate additional funding; providing for filing; and providing for a savings clause.
- 6. 4. Budget Ordinance Amendment 2nd Reading - Finance:** Ordinance No. 2014- O0094, Amendment 30, amending the FY 2013-14 Budget for municipal purposes respecting the Operating Budget for Market Lubbock, Inc. (MLI)- Lubbock Convention and Visitors Bureau (Visit Lubbock) and MLI - Lubbock Sports Authority; providing for filing; and providing for a savings clause.
- 6. 5. Budget Amendment Ordinance 2nd Reading - Finance :** Ordinance No. 2014-O0097, Amendment 31, amending the adopted FY 2013-14 Operating Budget respecting the Capital Program to amend Capital Improvement Project (CIP) 91190, City Hall Improvements; and to establish CIP 8592, Godeke Library Renovations; providing for filing; and providing for a savings clause.

Mark Yearwood, Assistant City Manager; and Cheryl Brock, Budget Director, gave comments and answered questions from City Council.

Motion by Council Member Floyd Price, seconded by Council Member Jim Gerlt to approve Ordinance No. 2014-O0097.

Vote: 6 - 1 Motion carried

NAY: Council Member Jeff Griffith

6. 5. 1. **Resolution - Facilities:** Resolution No. 2014-R0239 authorizing the Mayor to execute contract 11937 with Teinert Commercial Building Services for the renovations to the Luskey's building for the relocation of the Godeke Library located at 5034 Frankford Avenue.

Mark Yearwood, Assistant City Manager; and Cheryl Brock, Budget Director, gave comments and answered questions from City Council.

Motion by Council Member Floyd Price, seconded by Council Member Jim Gerlt to approve Resolution No. 2014-R0239.

Vote: 6 - 1 Motion carried

NAY: Council Member Jeff Griffith

6. 6. **Budget Amendment Ordinance 2nd Reading - Finance:** Ordinance No. 2014-O0095, Amendment 32, amending the adopted FY 2013-14 Operating Budget respecting the General Fund to amend expenditures in Cost Center 1115, Non-Departmental; providing for filing; and providing for a savings clause.

Mark Yearwood, Assistant City Manager; Cheryl Brock, Budget Director; and James Loomis, City Manager, gave comments and answered questions from City Council.

Motion by Council Member Victor Hernandez, seconded by Council Member Floyd Price to approve Ordinance No. 2014-O0095.

Vote: 7 - 0 Motion carried

6. 6. 1. **Resolution - City Manager:** Resolution No. 2014-R0240 authorizing the Mayor to execute for and on behalf of the City of Lubbock, a Contract of Sale, by and between the City of Lubbock, as Buyer and Lubbock Omni Office, Inc., a Texas corporation, as Seller, contemplating the sale by Seller and the purchase by Buyer of certain real property and real property interests located in Blocks 147, 148, 163 and 164, Original Town to the City of Lubbock, according to the map, plat and/or dedication thereof recorded in Volume 5, Page 384, Deed of Records, Lubbock County, Texas.

Mark Yearwood, Assistant City Manager; Cheryl Brock, Budget Director; and James Loomis, City Manager, gave comments and answered questions from City Council.

Motion by Council Member Victor Hernandez, seconded by Council Member Floyd Price to approve Resolution No. 2014-R0240.

Vote: 7 - 0 Motion carried

6. 7. **Ordinance Amendment 2nd Reading - Public Works Traffic Engineering:** Ordinance No. 2014-O0096 amending Section 20.05.102 of the Code of Ordinances of the City of Lubbock, with regard to the establishment of speed limits.

6. 8. **Resolution – Wastewater:** Resolution No. 2014-R0235 authorizing the Mayor to execute Amendment 2 associated with Contract 8462, a professional services agreement, with Alan Plummer & Associates for preliminary engineering, design, and construction management services for the Canyon Lakes Wastewater Reuse Project, RFQ 08-718-BM.

6. 9. **Resolution – Water Utilities:** Resolution No. 2014-R0236 authorizing the Mayor to execute contract 11810 with Provine Helicopters for brush control management in the Lake Alan Henry watershed, RFP 14-11810-DT.

6. 10. Resolution - Right-of-Way: Resolution No. 2014-R0237 authorizing the Mayor to execute a street-use-license with Gary and Joni Marie Andrews for a fence encroachment in the right of way along Toledo Avenue and 21st Street.

6. 11. Resolution - Information Technology: Resolution No. 2014-R0241 authorizing the Mayor to execute purchase order contract 33000515 with Dell Marketing LP for the purchase of desktop computers, monitors and laptop computers.

Mark Yearwood, Assistant City Manager, gave comments and answered questions from City Council.

Motion by Council Member Floyd Price, seconded by Council Member Jim Gerlt to approve Resolution No. 2014-R0241.

Vote: 7 - 0 Motion carried

6. 12. Resolution - Community Development: Resolution No. 2014-R0242 authorizing the Mayor to execute contract 11866 with Planks A/C - Heat for Comprehensive Energy Assistance Program (CEAP) service and repair of existing heating & cooling units and installation of portable air conditioning units, ITB 14-11866-TF.

Bill Howerton, Assistant City Manager, gave comments and answered questions from City Council.

Motion by Council Member Jim Gerlt, seconded by Council Member Latrelle Joy to approve Resolution No. 2014-R0242.

Vote: 7 - 0 Motion carried

6. 13. Resolution - Civic Center: Resolution No. 2014-R0243 approving the recommendation from the Cultural Arts Grant Review Committee and the Civic Lubbock, Inc. (CLI) Board of Directors for the first of two granting periods for the 2014 Cultural Arts Grant Program (CAGP) using Hotel Occupancy Tax funds allocated for FY 2013-14.

Stephanie Massengale, Civic Lubbock, Inc. Board Member, gave comments and answered questions from City Council.

Motion by Mayor Pro Tem Karen Gibson, seconded by Council Member Jim Gerlt to approve Resolution No. 2014-R0243.

Vote: 7 - 0 Motion carried

6. 14. Resolution - Fleet: Resolution No. 2014-R0238 authorizing the Mayor to execute purchase order contract 31019739 with Altec Industries, Inc. for a Digger Derrick for the Traffic Department.

6. 15. Resolution - Human Resources: Resolution No. 2014-R0244 adopting the Classification and Compensation Study prepared by Management Advisory Group International dated April 21, 2014 as City policy for determining and setting compensation for City of Lubbock employees, and directing the City Manager to utilize said Study in the preparation of the FY 2014-15 City of Lubbock budget.

Leisa Hutcheson, Director of Human Resources; Quincy White, Assistant City Manager; Cheryl Brock, Budget Director; James Loomis, City Manager; David McCalla, Interim Chief Executive Officer for LP&L; Mike Kemp, Fire Chief; Andy Burcham, Chief Financial Officer for LP&L; and Roger Ellis, Police Chief, gave comments and answered questions from City Council.

Motion by Council Member Latrelle Joy, seconded by Council Member Victor Hernandez to suspend Roberts Rules of Order and allow Council Member Victor Hernandez more time on the floor.

Vote: 5 - 2 Motion carried

NAY: Mayor Glen C. Robertson
Mayor Pro Tem Karen Gibson

Motion by Mayor Pro Tem Karen Gibson, seconded by Council Member Jim Gerlt to approve Resolution No. 2014-R0244.

Vote: 5 - 2 Motion carried

NAY: Council Member Victor Hernandez
Council Member Latrelle Joy

6. 16. **Ordinance 2nd Reading – Planning:** Ordinance No. 2014-O0098, for Zone Case 3097-B, a request of AMD Engineering, LLC, for Peoples Bank, for a zoning change from GO to AM Specific Use for a bank on Tracts QQ and RR, Orchard Park Addition, 11009 and 11011 Quaker Avenue.
6. 17. **Ordinance 2nd Reading – Planning:** Ordinance No. 2014-O0099, for Zone Case 3116-E, a request of Hugo Reed and Associates, Inc., for FP Investors I, LLC, for a zoning change from C-3 and A-2 to C-2A for a bank and A-2 on 3.37 acres of unplatted land out of Block AK, Section 4, west of Indiana Avenue and south of 130th Street.
6. 18. **Ordinance 2nd Reading – Planning:** Ordinance No. 2014-O0101, for Zone Case 3231, a request of AMD Engineering, LLC, for State Street Housing, for a zoning change from R-1 to A-2 on 14.13 acres of unplatted land out of Block AK, Section 44, east of Juneau Avenue and south of 26th Street.

Dennis Carrizales, Senior Planner, gave comments and answered questions from City Council.

Motion by Council Member Floyd Price, seconded by Mayor Pro Tem Karen Gibson to approve Ordinance No. 2014-O0101.

Vote: 7 - 0 Motion carried

6. 19. **Ordinance 2nd Reading – Planning:** Ordinance No. 2014-O0100, for Zone Case 3232, a request of Ronald Key, for West Texas District Council, for a zoning change from R-1 to GO for offices on the east 227 feet of the north 127 feet of Tract B, Western Meadows Addition, 5504 Wayne Avenue.

7. **Regular Agenda**

7. 1. **Resolution - City Secretary:** Resolution No. 2014-R0245 designating a Mayor Pro Tem.

Nominations and votes for Mayor Pro Tem were taken as follows:

Council Member Jim Gerlt: 5 Ayes (Mayor Robertson, Mayor Pro Tem Karen Gibson, Council Members Gerlt, Griffith, and Price)

Council Member Victor Hernandez: 2 Ayes (Council Members Hernandez and Joy)

Council Member Jim Gerlt was declared appointed as Mayor Pro Tem.

7. 2. **Resolution - Mayor Robertson:** Consider a resolution directing the Electric Utility Board to reconsider its FY 2014-15 budget proposal to the City Council of the City of Lubbock.

No action was taken on this item.

Mayor Glen C. Robertson and Council Member Victor Hernandez introduced items 7.1 and 7.2, gave comments, and answered questions from City Council. Andy Burcham, Chief Financial Officer for LP&L, also gave comments and answered questions from City Council.

Motion by Council Member Victor Hernandez, seconded by Council Member Latrelle Joy to take up items 7.2 and 7.3 together.

Vote: 7 - 0 Motion carried

Motion by Council Member Latrelle Joy, seconded by Council Member Floyd Price to suspend Roberts Rules of Order and allow Council Member Victor Hernandez more time on the floor.

Vote: 6 - 1 Motion carried

NAY: Mayor Glen C. Robertson

7. 3. **Resolution - Councilman Hernandez:** Consider a resolution requesting that the Electric Utility Board reconsider its FY 2014-15 budget proposal to the City Council of the City of Lubbock, and recommend, if necessary, reductions in expenses to alleviate the necessity of a rate increase.

No action was taken on this item.

Mayor Glen C. Robertson and Council Member Victor Hernandez introduced items 7.1 and 7.2, gave comments, and answered questions from City Council. Andy Burcham, Chief Financial Officer for LP&L, also gave comments and answered questions from City Council.

Motion by Council Member Victor Hernandez, seconded by Council Member Latrelle Joy to take up items 7.2 and 7.3 together.

Vote: 7 - 0 Motion carried

Motion by Council Member Latrelle Joy, seconded by Council Member Floyd Price to suspend Roberts Rules of Order and allow Council Member Victor Hernandez more time on the floor.

Vote: 6 - 1 Motion carried

NAY: Mayor Glen C. Robertson

7. 4. **Resolution - Councilman Hernandez:** Consider a resolution acknowledging and affirming State law with regard to confidentiality of certain information related to procurement, and directing the City Manager, and requesting Lubbock Power & Light staff, to develop policies and methods accordingly.

This item failed.

Council Member Victor Hernandez introduced the item, gave comments, and answered questions from City Council. Chad Weaver, City Attorney, also gave comments and answered questions from City Council.

Motion by Council Member Victor Hernandez, seconded by Council Member Latrelle Joy to approve the item.

Vote: 3 - 4 Failed

NAY: Mayor Glen C. Robertson
Mayor Pro Tem Karen Gibson
Council Member Jim Gerlt
Council Member Jeff Griffith

- 7. 5. Board Appointment - City Secretary:** Consider and take action on the appointment of the Chairperson for the Veterans Advisory Committee.

Motion by Mayor Pro Tem Karen Gibson, seconded by Council Member Jim Gerlt to appoint David Lewis as the Chairperson for the Veterans Advisory Committee.

Vote: 7 - 0 Motion carried

- 7. 6. Board Appointments - City Secretary:** Consider one appointment to the Lake Alan Henry Board of Appeals.

Motion by Council Member Latrelle Joy, seconded by Council Member Jim Gerlt to postpone this item to the July 24, 2014 Regular City Council Meeting.

Vote: 7 - 0 Motion carried

Motion by Council Member Victor Hernandez, seconded by Council Member Jim Gerlt to reconsider item 7.6.

Vote: 7 - 0 Motion carried

Motion by Council Member Latrelle Joy, seconded by Council Member Floyd Price to postpone this item to the August 14, 2014 Regular City Council Meeting.

Vote: 7 - 0 Motion carried

8. Open Citizen Comment

- Debbie Bartholomew appeared before City Council to discuss the Lubbock Health and Educational Facilities Development Corporation and open records requests.
- Paola Patzi appeared before City Council to discuss human trafficking and minor sex trafficking for the purposes of increasing awareness.

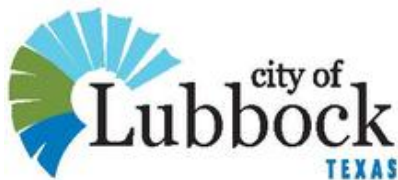
7:50 P.M. CITY COUNCIL ADJOURNED

There being no further business to come before Council, Mayor Robertson adjourned the meeting.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary



Regular City Council Meeting

6. 1.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution – Water Utilities: Consider a resolution authorizing the Mayor to execute a professional services agreement contract 11793 with HDR Engineering, Inc. for engineering services related to the evaluation of aquifer storage and recovery systems, RFQ 14-11793-DT.

Item Summary

Two potential aquifer storage and recovery (ASR) water supply strategies are included in the 2013 Strategic Water Supply Plan. This project allows the City to perform due diligence and planning necessary to further evaluate the use of ASR to supplement the City's existing and future water supplies. ASR may be a cost effective strategy that can be used to avoid high evaporation rates in surface water, optimize transmission line usage by moving water during off-peak demand periods, and as a buffer between reclaimed water and a potable water supply. As part of this project, the selected engineering firm will evaluate all of these alternatives with respect to the City's current water supply planning efforts.

Statements of qualifications were solicited for this project and several proposals were received by engineering firms on April 3, 2014. The evaluation committee reviewed and ranked the proposals as follows:

Firm	Points
HDR Engineering, Inc., of Austin, TX	1,800
R.W. Hardin & Associates, Inc. of Austin, TX	1,730
Daiel B. Stephens & Associates, Inc. of Albuquerque, NM	1,570
LBD - Guyton Associates of Austin, TX	1,415

The evaluation committee independently reviewed the Statements of Qualification based on the criteria listed in the RFQ. Those criteria and relative importance are summarized as follows: Project Team Organization & Qualifications (30%); Experience on Similar Projects (30%); Project Approach (30%); Overall Responsiveness to the RFQ (10%).

A contract has been successfully negotiated and Staff recommends awarding this project to HDR Engineering, Inc., of Austin, Texas, the highest ranked firm.

Fiscal Impact

\$200,000 is appropriated in Capital Improvement Project 8588, Aquifer Storage & Recovery Evaluation, with \$199,500 available for this project.

Staff/Board Recommending

R. Keith Smith, P.E., Director of Public Works

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock BE and is hereby authorized and directed to execute for and on behalf of the City of Lubbock, a Professional Services Contract ("Contract"), by and between the City of Lubbock and HDR Engineering, Inc., for professional services related to the feasibility of aquifer storage and recovery systems, and all related documents. Said Contract is attached hereto and incorporated in this Resolution as if fully set forth herein and shall be included in the minutes of the Council.

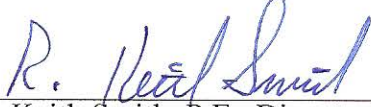
Executed by the City Council this _____ day of _____ 2014.

GLEN C. ROBERTSON, MAYOR

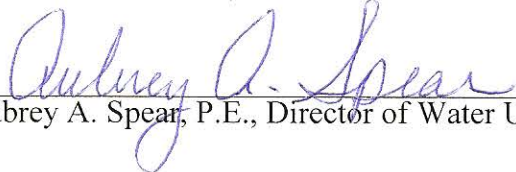
ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



R. Keith Smith, P.E., Director of Public Works



Aubrey A. Spear, P.E., Director of Water Utilities

APPROVED AS TO FORM:



Richard K. Casner, Natural Resources and Utility Attorney

rc:Res.Prof Cont.HDR Engineering Inc.
7.15.14

PROFESSIONAL SERVICES CONTRACT

STATE OF TEXAS §

COUNTY OF LUBBOCK §

This contract (the "Contract" or "Agreement"), effective as of the ____ day of August, 2014 (the "Effective Date"), is by and between the City of Lubbock, (the "City"), a Texas home rule municipal corporation, and HDR Engineering, Inc. ("ENGINEER"), a Nebraska corporation authorized to conduct business in Texas.

WITNESSETH

WHEREAS, the City desires to obtain professional engineering services related to planning, evaluating, permitting, designing, and construction management of aquifer storage and recovery systems (the "Activities" or "Project"); and

WHEREAS, ENGINEER has a professional staff experienced in, and is qualified to provide, professional engineering services related to the Activities, and will provide the services, as defined below, for the price provided herein, said price stipulated by City and ENGINEER to be a fair and reasonable price; and

WHEREAS, the City desires to contract with ENGINEER to provide professional engineering services related to the Activities and ENGINEER desires to provide the Services related to same.

NOW THEREFORE, for and in consideration of the terms, covenants and conditions set forth in this Contract, the City and ENGINEER hereby agree as follows:

ARTICLE I. TERM

The term of this Contract commences on the Effective Date and continues without interruption for a term of 270 days, as set forth in Exhibit "A", attached to and made a part of this Agreement for all purposes. If the ENGINEER determines that additional time is required to complete the Services, the Director of Water Utilities may, but is not obligated to, in his discretion, execute an agreement to grant up to an additional six (6) months of time so long as the amount of

Aquifer Storage & Recovery Evaluation

the consideration does not increase. An amendment to this Agreement resulting in an increase in the amount of the consideration must be approved by the City acting through its governing body.

ARTICLE II. SERVICES AND COMPENSATION

A. ENGINEER shall conduct all activities and within such timeframes as set forth on Exhibit "A", attached hereto (the "Services").

B. ENGINEER shall receive as consideration to be paid for the performance of the Services set forth in Exhibit "B", for a lump sum price of One hundred ninety-nine thousand five hundred dollars (\$199,500).

ARTICLE III. TERMINATION

A. General. City may terminate this Contract, for any reason or convenience, upon thirty (30) days written notice to ENGINEER. In the event this Agreement is so terminated, the City shall only pay ENGINEER for services actually performed by ENGINEER up to the date ENGINEER is deemed to have received notice of termination as provided herein.

B. Termination and Remedies. In the event ENGINEER materially breaches any term and/or provision of this Contract and fails to cure within 10 days after notice of same, the City shall be entitled to exercise any right or remedy available to it by this Contract, at law, equity, or otherwise, including without limitation, termination of this Contract and assertion of an action for damages and/or injunctive relief. The exercise of any right or remedy shall not preclude the concurrent or subsequent exercise of any right or remedy and all rights and all remedies shall be cumulative.

ARTICLE IV. NON - ARBITRATION

The City reserves the right to exercise any right or remedy available to it by law, contract, equity, or otherwise, including without limitation, the right to seek any and all forms of relief in a court of competent jurisdiction. Further, the City shall not be subject to any arbitration process prior to exercising its unrestricted right to seek judicial remedy. The remedies set forth herein are cumulative and not exclusive, and may be exercised concurrently. To the extent of any conflict between this provision and another provision in, or related to, this Contract, this provision shall control.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

A. Existence. ENGINEER is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas and is qualified to carry on its business in the State of Texas.

B. Corporate Power. ENGINEER has the corporate power to enter into and perform this Contract and all other activities contemplated hereby.

C. Authorization. Execution, delivery, and performance of this Contract and the activities contemplated hereby have been duly and validly authorized by all the requisite corporate action on the part of ENGINEER. This Contract constitutes legal, valid, and binding obligations of the ENGINEER and is enforceable in accordance with the terms hereof.

D. Engineer. ENGINEER maintains a professional staff and employs, as needed, other qualified specialists experienced in providing the Services, and are familiar with all laws, rules, and regulations, both state and federal, including without limitation, the applicable laws, regarding the Activities contemplated hereby.

E. Performance. ENGINEER will and shall conduct all activities contemplated by this Contract in accordance with the standard of care, skill and diligence normally provided by a professional person in performance of similar professional engineering services in Texas, and comply with all applicable laws, rules, and regulations, both state and federal, relating to professional engineering services, as contemplated hereby.

F. Use of Copyrighted Material. ENGINEER warrants that any materials provided by ENGINEER for use by City pursuant to this Contract shall not contain any proprietary material owned by any other party that is protected under the Copyright Act or any other law, statute, rule, order, regulation, ordinance or contractual obligation relating to the use or reproduction of materials. ENGINEER shall be solely responsible for ensuring that any materials provided by ENGINEER pursuant to this Contract satisfy this requirement and ENGINEER agrees to indemnify and hold City harmless from all liability or loss caused to City or to which City is exposed on account of ENGINEER's failure to perform this duty.

ARTICLE VI. SCOPE OF SERVICES

ENGINEER shall accomplish the following:

Professional Engineering Services related to the Project, as defined and provided in Exhibit “A,” “Scope of Services”.

ARTICLE VII. INDEPENDENT CONTRACTOR STATUS

ENGINEER and City agree that ENGINEER shall perform the duties under this Contract as an independent contractor and shall be considered as independent contractor under this Agreement and/or in its activities hereunder for all purposes. ENGINEER has the sole discretion to determine the manner in which the services are to be performed. During the performance of the Services under this Agreement, Engineer and Engineer’s employees and/or subconsultants, will not be considered, for any purpose, employees or agents of the City within the meaning or the application of any federal, state or local law or regulation, including without limitation, laws, rules or regulations regarding or related to unemployment insurance, old age benefits, workers compensation, labor, personal injury or taxes of any kind.

ARTICLE VIII. INSURANCE

Engineer shall procure and carry, at its sole cost and expense through the life of this Agreement, except as otherwise provided herein, insurance protection as hereinafter specified, in form and substance satisfactory to City, carried with an insurance company authorized to transact business in the state of Texas, covering all aspects and risks of loss of all operations in connection with this Agreement, including without limitation, the indemnity obligations set forth herein. Engineer shall obtain and maintain in full force and effect during the term of this Agreement, and shall cause each approved subcontractor or subconsultant of Engineer to obtain and maintain in full force and effect during the term of this Agreement, commercial general liability, professional liability and automobile liability coverage for non-owned and hired vehicles with insurance carriers admitted to do business in the state of Texas. The insurance companies must carry a Best’s Rating of A-VII or better. All policies will be written on per occurrence basis except Professional Liability, subject to the following minimum limits of liability:

Commercial General Liability:	
Per Occurrence Single Limit:	\$1,000,000
General Aggregate Limit:	\$2,000,000
Professional Liability:	
Per Claim:	\$1,000,000
Automobile Liability:	
Combined Single Limit for any auto:	\$1,000,000 Per Occurrence

Engineer shall further cause any approved subcontractor or subconsultant to procure and carry, during the term of this Agreement, Professional Liability coverage, as specified above for Engineer, protecting City against direct losses caused by the professional negligence of the approved subcontractor or subconsultant. The City shall be listed as a primary and noncontributory additional insured with respect to the Automobile Liability and Commercial General Liability and shall be granted a waiver of subrogation under those policies. Engineer shall provide a Certificate of Insurance to the City as evidence of coverage.

The certificate shall provide 30 days notice of cancellation. A copy of the additional insured endorsement and waiver of subrogation attached to the policy will be included in the Certificate. Engineer shall elect to obtain worker's compensation coverage pursuant to Section 406.002 of the Texas Labor Code. Further, Engineer shall maintain said coverage throughout the term of this Agreement and shall comply with all provisions of Title 5 of the Texas Labor Code to ensure that the Engineer maintains said coverage. The Engineer may maintain Occupational Accident and Disability Insurance in lieu of Worker's Compensation. In either event, the policy must be endorsed to include a waiver of subrogation in favor of the City. If at any time during the life of the Agreement or any extension hereof, Engineer fails to maintain the required insurance in full force and effect, Engineer shall be in breach hereof and all work under the Agreement shall be discontinued immediately.

Notwithstanding anything contained herein to the contrary, the professional liability policy shall be maintained at Engineer's sole cost and expense. The retroactive date shall be no later than the commencement of the performance of this Contract and the discovery period (possibly through tail coverage) shall be no less than ten (10) years after the completion of work specified in the

Contract. The provisions of this Article VIII shall survive the termination or expiration of this Agreement.

ARTICLE IX. EMPLOYMENT OF AGENTS/RETAINING OF CONSULTANTS

ENGINEER may employ or retain consultants, contractors, or third parties (any of which are referred to herein as "Subconsultant"), to perform certain duties of ENGINEER, as set forth on Exhibit "A", attached hereto, under this Contract, provided that City approves the retaining of Subconsultants. The City hereby approves the retention of the "HDR Team" as described in Exhibit "A," attached hereto. ENGINEER is at all times responsible to City to perform the Services as provided in this Agreement and ENGINEER is in no event relieved of any obligation under this Contract upon retainage of any approved Subconsultant. Any agent and/or Subconsultant retained and/or employed by ENGINEER shall be required by ENGINEER to carry, for the protection and benefit of the City and ENGINEER and naming said third parties as additional insureds, insurance as described above in this Contract.

ENGINEER represents that such services are either under applicable value thresholds or are otherwise exempt from notice and/or bid requirements under Texas Law.

ARTICLE X. CONFIDENTIALITY

ENGINEER shall retain all information received from or concerning the City and the City's business in confidence and shall not reveal such information to third parties without prior written consent of the City, unless otherwise required by law. It is hereby agreed that the following information is not considered to be confidential under this Agreement:

- a) Information already in the public domain;
- b) Information disclosed to ENGINEER by a third party who is not under a confidentiality obligation;
- c) Information developed by or in the custody of ENGINEER related to work with clients before entering into this Agreement; and
- d) Information developed by ENGINEER through its work with other clients

ARTICLE XI. INDEMNITY

ENGINEER SHALL INDEMNIFY AND SAVE HARMLESS THE CITY OF LUBBOCK AND ITS ELECTED OFFICIALS, OFFICERS, AGENTS, AND EMPLOYEES FROM ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITY OF ANY KIND, CHARACTER, TYPE, OR DESCRIPTION, INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL EXPENSES OF LITIGATION, COURT COSTS, AND REASONABLE ATTORNEY'S FEES, FOR INJURY OR DEATH TO ANY PERSON, OR INJURY TO ANY PROPERTY, RECEIVED OR SUSTAINED BY ANY PERSON OR PERSONS OR PROPERTY, TO THE EXTENT ARISING OUT OF, RELATED TO OR OCCASIONED BY, THE NEGLIGENT ACTS OF ENGINEER, ITS AGENTS, EMPLOYEES, AND/OR SUBCONSULTANTS, RELATED TO THE PERFORMANCE, OPERATIONS OR OMISSIONS UNDER THIS CONTRACT AND/OR THE USE OR OCCUPATION OF CITY OWNED PROPERTY. THE INDEMNITY OBLIGATION PROVIDED HEREIN SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

ARTICLE XII. COMPLIANCE WITH APPLICABLE LAWS

ENGINEER shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations relating, in any way, manner or form, to the activities under this Contract, and any amendments thereto.

ARTICLE XIII. NOTICE

A. General. Whenever notice from ENGINEER to City or City to ENGINEER is required or permitted by this Contract and no other method of notice is provided, such notice shall be given by (1) actual delivery of the written notice to the other party by hand (in which case such notice shall be effective upon delivery); (2) facsimile (in which case such notice shall be effective upon delivery); or (3) by depositing the written notice in the United States mail, properly addressed to the other party at the address provided in this article, registered or certified mail, return receipt requested, in which case such notice shall be effective on the third business day after such notice is so deposited.

B. ENGINEER 's Address. ENGINEER 's address and numbers for the purposes of notice are:

HDR Engineering, Inc.
Attn: David D. Dunn, P.E.
4401 West Gate Blvd., Suite 400
Austin, Texas 78745
Telephone: (512) 912-5136
Facsimile: (512) 912-5158

C. City's Address. The City's address and numbers for the purposes of notice are:

City of Lubbock
Attn: Aubrey A. Spears, P.E.
P. O. Box 2000
1625 13th Street
Lubbock, Texas 79457
Telephone: (806) 775-2585
Facsimile: (806) 775-3027

D. Change of Address. Either party may change its address or numbers for purposes of notice by giving written notice to the other party as provided herein, referring specifically to this Contract, and setting forth such new address or numbers. The address or numbers shall become effective on the 15th day after such notice is effective.

ARTICLE XIV. CITY-PROVIDED DATA

City shall furnish ENGINEER non-confidential studies, reports and other available data in the possession of the City pertinent to ENGINEER's Services, so long as City is entitled to rely on such studies, reports and other data for the performance of ENGINEER's Services under this Contract (the "Provided Data"). ENGINEER shall be entitled to use and rely, so long as such reliance is reasonable, upon all such Provided Data.

ARTICLE XV. MISCELLANEOUS

A. Captions. The captions for the articles and sections in this Contract are inserted in this Contract strictly for the parties' convenience in identifying the provisions to this Contract and shall not be given any effect in construing this Contract.

B. Audit. ENGINEER shall provide access to its books and records for time-based and reimbursable expenses to the City. The City may audit, at its expense and during normal business hours, ENGINEER's books and records with respect to this Contract between ENGINEER and City.

C. Records. ENGINEER shall maintain records that are necessary to substantiate the services provided by ENGINEER.

D. Assignability. Neither party may assign this Contract without the prior written approval of the other party.

E. Successor and Assigns. This Contract binds and inures to the benefit of the City and ENGINEER, their permitted successors and assigns.

F. Construction and Venue.

THIS CONTRACT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. THIS CONTRACT IS PERFORMABLE IN LUBBOCK COUNTY, TEXAS. THE PARTIES HERETO HEREBY IRREVOCABLY CONSENT TO THE SOLE AND EXCLUSIVE JURISDICTION AND VENUE OF THE COURTS OF COMPETENT JURISDICTION OF THE STATE OF TEXAS, COUNTY OF LUBBOCK, FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE ACTIONS THAT ARE CONTEMPLATED HEREBY.

G. Severability. If any provision of this Contract is ever held to be invalid or ineffective by any court of competent jurisdiction with respect to any person or circumstances, the remainder of this Contract and the application of such provision to persons and/or circumstances other than those with respect to which it is held invalid or ineffective shall not be affected thereby.

H. Amendment. No amendment, modification, or alteration of the terms of this Contract shall be binding unless such amendment, modification, or alteration is in writing, dated subsequent to this Contract, and duly authorized and executed by ENGINEER and City.

I. Entire Agreement. This Contract, including Exhibits “A” and “B,” attached hereto, contains the entire agreement between the City and ENGINEER, and there are no other written or oral promises, conditions, warranties, or representations relating to or affecting the matters contemplated herein.

J. No Joint Enterprise. Nothing contained herein shall be construed to imply a joint venture, joint enterprise, partnership or principal – agent relationship between ENGINEER and the City.

K. Documents Owned by City. Any and all documents, drawings and specifications prepared by ENGINEER as part of the Services hereunder, with the exception of those standard details and specifications regularly used by the ENGINEER in its normal course of business, shall become the property of the City when ENGINEER has been compensated as set forth in Article II, above. The ENGINEER shall make copies of any and all work products for its files. Any reuse or modification of such Documents for purposes other than those intended by ENGINEER herein shall be at City’s sole risk and without liability to the ENGINEER.

L. Notice of Waiver. A waiver by either City or ENGINEER of a breach of this Agreement must be in writing and duly authorized to be effective. In the event either party shall execute and deliver such waiver, such waiver shall not affect the waiving party’s rights with respect to any other or subsequent breach.

M. Third Party Activities. Nothing in this Agreement shall be construed to provide any rights or benefits whatsoever to any party other than City and ENGINEER.

N. Non- Appropriation. All funds for payment by the City under this Contract are subject to the availability of an annual appropriation for this purpose by the City. In the event of non-appropriation of funds by the City Council of the City of Lubbock for the services provided under this Contract, the City will terminate this Contract, without termination charge or other liability, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the goods or services covered by this Contract is spent, whichever event occurs first (the “Non-

Appropriation Date"). If at any time funds are not appropriated for the continuance of this Contract, cancellation shall be accepted by the ENGINEER on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the City shall not be obligated under this Contract beyond the Non-Appropriation Date.

EXECUTED as of the Effective Date hereof.

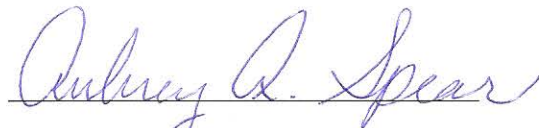
CITY OF LUBBOCK

Glen C. Robertson, Mayor

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



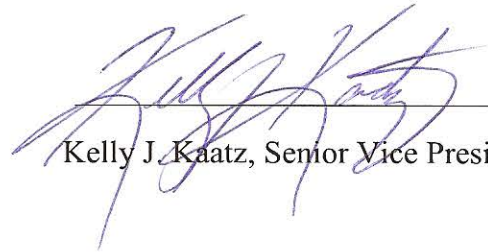
Aubrey A. Spear, P.E., Director of Water Utilities

APPROVED AS TO FORM:



Richard Casner, Assistant City Attorney

HDR Engineering, Inc.



Kelly J. Kaatz, Senior Vice President

EXHIBIT A

AQUIFER STORAGE & RECOVERY EVALUATION SCOPE OF WORK

The HDR Team will perform the professional engineering services described in this Scope of Work. The HDR Team includes:

- HDR Engineering, Inc (HDR);
- ARCADIS-US, Inc;
- INTERA, Inc; and
- ASR Systems, LLC.

Services include the evaluation of the feasibility of an aquifer storage and recovery (ASR) system for the City of Lubbock (City).

Background

The HDR Team will provide a preliminary feasibility-level evaluation of an aquifer storage and recovery (ASR) project to provide more information regarding this option for a future update of the City's Strategic Water Supply Plan. This assessment will expand on the two potential ASR strategies that were included in the 2013 Strategic Water Supply Plan. This project will allow the City to perform due diligence and necessary planning to further evaluate the feasibility for ASR to supplement the City's existing and future water supplies.

Organization of Scope of Work

Under this Scope of Work, the HDR Team will perform two primary tasks to evaluate the conceptual feasibility of one or more ASR systems for the City. An optional third task is presented for consideration. These tasks include:

Task 1: Review the City's current Strategic Water Supply Plan, generally characterize the hydrogeologic features of potential storage locations within the Ogallala, Trinity, and/or Dockum Aquifers, and groundwater pumping in the vicinity of Lubbock; and assess the potential permitting, institutional and regulatory issues of an ASR system.

Task 2: Identify and screen candidate ASR options, complete preliminary feasibility level studies for the most potentially favorable projects, and select up to three of the most promising ASR projects for further feasibility analyses.

Task 3 (future – not included in this scope of work): Prepare feasibility level operational plans, engineering, and cost evaluations of up to three of the most promising ASR projects.

Task 1. Review of System and Hydrogeologic Study

Specific subtasks associated with this effort are as follows.

Task 1.1 Review of City's Current Strategic Water Supply Plan

The HDR Team will review the City's current Strategic Water Supply Plan and identify the strategies most relevant to the ASR evaluation, including reclaimed water supplies. During this review, HDR Team anticipates formulating new ASR concepts and developing variations to those conceptual-level projects included in the City's Strategic Water Supply Plan.

The City's water sources and facilities for transporting, treating and delivering treated water to customers will be reviewed and assessed for potential application to ASR projects. The HDR Team has an understanding of the City's water sources and will hold discussions with City staff to verify any changes or future plans of the City and to further understand the facilities that move raw water to the City's treatment facilities and then to the distribution system. The HDR Team will compile and summarize source water and water delivery data for the past several years into statistical summaries of monthly and peak flow rates and the effects of dry and wet years on the City. In addition, the HDR Team will compile and summarize existing water chemistry data for raw and treated water. These data will be used for a preliminary evaluation of the water compatibility within the target ASR aquifers and the City's distribution system.

Task 1.2 Characterization of the Hydrogeologic Features of the Ogallala Aquifer and Groundwater Pumping in the Vicinity of Lubbock

A member of the HDR Team is currently developing an update to the Southern High Plains GAM and will take the lead in characterizing the aquifer properties, aquifer conditions and groundwater pumping in the vicinity of Lubbock. The HDR Team will also utilize groundwater data in the vicinity of Yellow House Canyon that was made available to HDR in the recently completed hydrogeologic evaluation centered on the area around the proposed Lake 7. The HDR Team will compile data on aquifer water chemistry and geochemistry in potential ASR storage areas within the Ogallala, Trinity, and/or Dockum Aquifers in the Lubbock area.

Task 1.3 Assessment of Regulatory, Permitting and Institutional Issues

The HDR Team will identify and assess potential permitting, institutional and regulatory considerations related to ASR projects, with specific emphasis given to the High Plains Underground Water Conservation District and TCEQ. In addition, the team will address and discuss the potential of nearby landowners capturing and using ASR water stored by the City.

Task 2. Selection of Potential ASR Projects

Guided by the results from Task 1, the HDR Team will complete a screening of potential ASR projects.

Task 2.1 Screening and Selection of Candidate ASR Projects

The selection process will include an ASR workshop of the HDR Team and City staff (Workshop). The Workshop consists of a presentation by the HDR Team on ASR concepts and successful designs, and a discussion of the City's interests, objectives and concepts. The HDR Team will engage in an interactive, collaborative process to formulate conceptual ASR projects and potential storage locations that may be worthy of consideration for further study and review.

Building on information from Task 1 and the Workshop, the HDR Team will formulate up to 10 conceptual ASR projects. The selection of these projects will be based on considerations such as diversity of water sources, utilization of existing water treatment and distribution facilities, and other issues such as potential interference with existing well owners. A rating matrix comparing attributes for each of the potential ASR projects will be developed. For each attribute in the matrix, a numerical rating (such as, 0 to 10) will be assigned by Team members using professional judgment (qualitative) as to the favorability of the project related to the given attribute, weighted (if deemed necessary), and summarized. This list of potential projects and ratings will be presented to the City for its review. A conference call or webinar by the HDR Team and City staff will be scheduled to discuss the ranking of the list of potential ASR projects. The result is expected to be the selection of up to three projects for a reconnaissance level review.

Task 2.2 Reconnaissance Level Review of the Potentially Favorable Projects

For each of the prioritized ASR projects, the HDR Team will prepare a more detailed assessment based on factors, such as:

- a) The availability and constraints (daily, monthly, and annual) on water supplies;
- b) Aquifer suitability for injection and recovery, potential injection and recovery rates, magnitude of storage, potential migration of stored water, and potential geochemical reactions between the aquifer materials and injected water, and between native groundwater and injected water;
- c) Potential interference from local pumping;
- d) Proximity to City's existing and currently-proposed water infrastructure;
- e) Utilization of existing water treatment facilities and infrastructure;
- f) Pre- and post-water treatment requirements for stored water, if needed;
- g) Permitting and regulatory considerations; and

- h) Operational flexibility for either long-term water banking or seasonal (storage in winter and spring with recovery during summer) storage.

In this reconnaissance level review (Task 2.2), no conceptual designs or cost estimates will be prepared.

Task 2.3 Expand Rating Analysis of Three of the Most Promising ASR Projects

The HDR Team will expand the matrix rating system used earlier to select the ASR projects for further evaluation. A conceptual layout and planning-level cost estimate will be developed for each of these ASR projects using the Texas Water Development Board costing methodology used in the regional water planning process. Review and input from City officials will be sought in the early stages. As directed by the City, the HDR Team will summarize and format the findings as needed to assist the City in updating the City's Strategic Water Supply Plan.

Task 2.4 Preparation of Project Report

A project report will be prepared and will include:

- Background information compiled from the review tasks;
- Selection and feasibility-level evaluation of potential ASR projects; and
- Recommendations for future feasibility assessment of the most promising projects.

An electronic (PDF) draft of the report will be presented to the City for review. The HDR team will respond to the comments and suggestions and prepare a final report within three weeks of receiving the City's comments. The final report will be delivered in electronic (PDF) format with five (5) hard copies.

Task 2.5 Presentation of Findings to the LWAC

The final results of the preliminary feasibility ASR assessment will be presented to the Lubbock Water Advisory Commission (LWAC), when requested by the City. A PowerPoint presentation of the findings and conclusions of the work effort will be prepared. This presentation will be reviewed with City staff prior to presentation to the LWAC. This scope of work anticipates that two members of the HDR Team will attend the presentation in Lubbock and be available to answer questions. Deliverables include a PowerPoint presentation and associated boards and visual aids, including handout packages for the LWAC.

Task 3. (future – not included in this scope of work) Detailed Evaluation of the Most Promising ASR Projects

1.1. Task 3.1 Development of Up to Three Optimized ASR Projects

The ASR projects described in Task 2.3 are considered to be preliminarily feasible. If the City wishes to evaluate the feasibility of one or more of these projects in more detail, the next level of evaluation is to assess the feasibility of the projects with regard to:

- a) Operation of seasonal water banking and long-term storage;
- b) Water treatment;
- c) Integration and optimizing with the City's existing and currently-planned infrastructure;
- d) Detailed evaluation of potential interference with or by existing wells;
- e) Conceptual design of the selected projects; and
- f) Cost (capital and O&M).

As with the subtasks above, this optimizing effort requires adapting and applying existing water models for water transmission, water treatment, ASR well field operations, and well interference among ASR wells and with neighboring wells. It is expected that each of the projects would be documented separately as a stand-alone project. Comparisons between the projects would be made in a summary chapter. If this step is requested by the City, then the groundwork will have been laid in Phase 2. Given the unknowns regarding the projects that would be selected for a detailed evaluation, no fee estimate can be developed for this task until more is known about the specific projects and the data and analyses required for the detailed evaluation.

Task 3 is not included in this scope of work.

Schedule for Project Deliverables

The following schedule for project deliverables assumes that notice to proceed is obtained in writing from the City of Lubbock on or before August 15, 2014. If notice to proceed is obtained later, the schedule for deliverables will be adjusted accordingly.

Deliverable	Description	Date
Deliverable 1.1	Memorandum summarizing findings of Task 1	November 17, 2014
Deliverable 2.1	Workshop in Lubbock	December 2014 (contingent on City staff schedules)
Deliverable 2.2	Memorandum listing potential projects, presenting screening matrix, and presenting initial ranking of projects	January 19, 2015
Deliverable 2.3	Conference call to discuss final ranking and selection of 3 candidate projects for reconnaissance level review	January 26, 2015
Deliverable 2.4	Draft Report	April 15, 2015
Deliverable 2.5	Final Report	3 weeks following receipt of comments from City
Deliverable 2.6	Presentation to Lubbock Water Advisory Commission	May 2014 (contingent on when Commission meets)

EXHIBIT B

AQUIFER STORAGE & RECOVERY EVALUATION BUDGET

The City and ENGINEER have established a lump sum fee of One hundred ninety-nine thousand five hundred dollars (\$199,500) to complete all services under this Contract. This amount will not be exceeded without a contract amendment. The City will pay the ENGINEER on a percent complete basis, for services identified in Exhibit A. A detailed Budget is presented below. The City and ENGINEER agree to allow redistribution of funds between Tasks as appropriate to allow flexibility in providing the needed services within the not-to-exceed budget.

ENGINEER agrees to complete these services as delineated above. Should there be a Change in Scope of Work or Time of Performance, then this can result in an amendment to this contract which shall be negotiated at that time.

The following table summarizes the fee estimated to be required to complete the above scope of work for Tasks 1 and 2.

Task	Task Description	Fee
1	Review of System and Hydrogeologic Study	\$56,500
2	Selection of Potential ASR Projects	\$143,000
	Total Fee	\$199,500

**City of Lubbock, TX
Capital Project
Project Cost Detail
August 14, 2014**

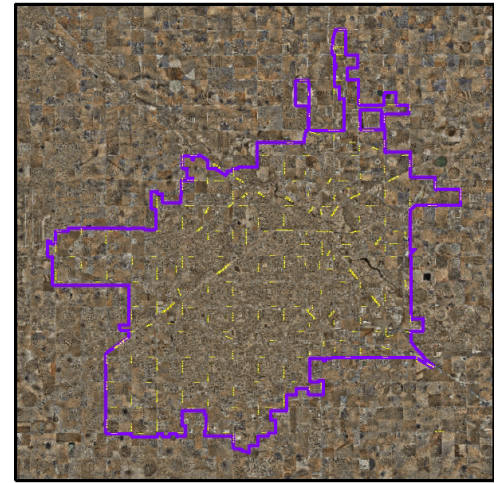
Capital Project Number:	8588
Capital Project Name:	Aquifer Storage & Recovery Evaluation

	Budget
<i>Encumbered/Expended</i>	\$ -

<i>Agenda Item August 14, 2014</i>	
HDR Engineering - Aquifer Storage & Recovery Evaluation	199,500
<i>Encumbered/Expended To Date</i>	199,500

<i>Estimated Costs for Remaining Appropriation</i>	
City of Lubbock Staff Cost	500
<i>Remaining Appropriation</i>	500

Total Appropriation	\$ 200,000

Managing Department **Water Utility Administra***Project Manager* **Aubrey Spear***Project Classification* **Master Plans/Studies***Project Status* **Approved***Project Scope*

Under this project, the City will further evaluate Aquifer Storage and Recovery (ASR) strategies contained in the 2013 Strategic Water Supply Plan, specifically the Reclaimed Water to ASR and CRMWA to ASR strategies. Evaluation will include potential locations for ASR facilities, including sites near the North and South Water Treatment Plants. The project will consider opportunities to optimize transmission lines using ASR, as well as evaluate reclaimed water injection and storage. Evaluation will include water quality requirements and associated treatment regimes, and implementation scenarios for using treated effluent to supplement other raw water sources in the potable water treatment system. The effort includes assessing various treatment technologies for costs, energy requirements, residuals generated, and associated disposal methods, regulatory requirements, and related issues. The collection of field data to assist in the evaluation may be necessary for the evaluation.

Project Justification

Two potential ASR supply strategies are included in the 2013 Strategic Water Supply Plan. This project allows Water staff to perform due diligence and planning necessary to further evaluate the use of ASR to supplement the City's existing and future water supplies. ASR may be a cost effective strategy in helping optimize transmission line capacities or in the indirect reuse of reclaimed water.

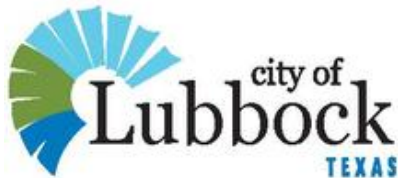
Project History

ASR is a strategy that is useful in the optimization of transmission lines that may be a bottleneck during peak demand months. The utilization of the Canadian River Municipal Water Authority aqueduct could be optimized by implementing this strategy. In addition, ASR is being used by some municipalities to provide a buffer between reclaimed water and the potable water system. In these situations, the municipalities treat the reclaimed water and inject it into the aquifer upgradient of recovery wells used to supply water for the potable water system.

\$200,000 was appropriated in the FY 2013-14 Budget, Ord. No. 2013-O0087, September 10, 2013.

<i>Appropriation Detail</i>	Appropriation to Date	Unappropriated Planning Years						Total Project Amount
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
Design and Engineering	200,000	0	0	0	0	0	0	200,000
Total Project Appropriation	200,000	0	0	0	0	0	0	200,000

<i>Funding Detail</i>	Funding to Date	Unappropriated Planning Years						Total Funding
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
FY 2014 Water Pay-As-You-Go	200,000	0	0	0	0	0	0	200,000
Total Funding Sources	200,000	0	0	0	0	0	0	200,000



Regular City Council Meeting

6. 2.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution – Water Utilities: Consider a resolution authorizing the Mayor to execute Change Order 1 to contract 11556 with Red River Construction Company for Southeast Water Reclamation Plant (SEWRP) Outfall Project.

Item Summary

The work of this project includes construction of 700 linear feet of 42-inch gravity sewer pipeline, a cascade aeration facility and a discharge structure. The proposed pipeline will be used to convey stream quality treated effluent from the SEWRP Ultraviolet Disinfection Facility into the North Fork Double Mountain Fork of the Brazos River adjacent to the SEWRP at Outfall 007.

Notice to proceed was issued to Red River Construction Company, of Wylie, Texas on February 10, 2010, for construction the SEWRP Outfall Project with a contract price of \$1,254,249.

Change Order 1 will cover the cost of extra work, materials and additional time to locate and tie-in the pipeline stub-out that was incorrectly located on record drawings. The contractor determined the existing 42-inch pipe stub out from the UV chamber was incorrectly located on the plans by approximately 18 feet. This record drawing error resulted in the necessity to install additional piping to connect the new pipeline, and return the site south of the UV chamber to original conditions. The effort involved in the additional excavation and shoring of the stub out location and completing the extra pipeline installation will require an additional \$78,117, a 6.23% increase and 60 day time extension.

Fiscal Impact

\$2,219,800 is appropriated in Capital Improvement Project 8524, Canyon Lakes System Reuse Study, with \$78,117 available for this purpose.

Staff/Board Recommending

R. Keith Smith, P.E., Director of Public Works

Attachments

Resolution

Change Order 1 - Red River Construction Co.

Budget Detail

CIP Detail

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Change Order No. 1 to that certain Contract No. 11556, Resolution No. 2013-R0442, by and between the City of Lubbock and Red River Construction Company, for the Canyon Lake Water Reuse Project – SEWRP Outfall Pipeline with Cascade Aeration, per Bid # 14-11556-MA, and related documents. Said Change Order No. 1 is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



R. Keith Smith, P.E., Director of Public Works

APPROVED AS TO FORM:



Richard K. Casner, Natural Resources and Utility Attorney

sj/RES.ChgOrd#1-Red River Construction Company
7/8/14

**City of Lubbock
Purchasing and Contract Management
Change Order**

Contract No: 11556 Contractor: Red River Construction Company
Change Order No. 1 Contract Title: Canyon Lakes Water Reuse Project-SEWRP Outfall Pipeline with Cascade Aeration
BID/RFP No. 14-11556-MA Project Number: EPA XP-96629501

1. "Change Order" means a written order to a Contractor executed by the Owner in accordance with the contract authorizing an addition to, deletion from, or adjustment or revision of the requirements of the contract documents, or an adjustment to the compensation payable to Contractor, or to the time for performance of the contract and completion of the Project, or a combination thereof, which does not alter the nature of the thing to be constructed and is an integral part of the project objective. Adjustments to "Estimated Quantities" to a line item in a Unit Price contract do not require a Change Order. All work that alters the nature of the thing to be constructed or that is not an integral part of the project objective must be let out for public bid. Description of change (alteration, deviation, addition, or deletion) caused by conditions encountered during construction not covered by the specifications and drawings of the project (attach additional pages if necessary):
- The work of this project includes construction of 700 linear feet of 42 inch gravity sewer pipeline, a cascade aeration facility and a discharge structure. The proposed pipeline will be used to convey stream quality treated effluent from the Southwest Water Reclamation Plant 4 into the North Fork Double Mountain Fork of the Brazos River adjacent to the SEWRP at Outfall 007. Change Order 1 covers the cost of extra work and additional time to locate the tie in stub out that is not located as planned. Contractor is to determine the location of the existing 42" pipe stub out from the UV chamber, install necessary piping to connect to new pipeline and return the site south of the UV chamber to original conditions. The effort involved in the determination of the stub out location and completing the extra pipeline installation will require an additional \$78,117 and 60 days time extension.
2. Where the Change Order is negotiated, the Change Order must be fully documented and itemized as to costs, including material quantities, material costs, taxes, insurance, employee benefits, other related costs, profit and overhead. Where certain unit prices are contained in the initial contract, no deviations are allowed in computing negotiated change order costs.

ITEMIZED COSTS MUST BE FULLY DOCUMENTED AND ATTACHED TO THIS FORM.

ITEM	DESCRIPTION	AMOUNT
A.	ORIGINAL CONTRACT VALUE:	\$ 1,254,249
B.	AMOUNT OF THIS CHANGE ORDER: <i>Council approval required if over \$25,000</i>	\$ 78,117
	COST CENTER: 8524 ACCOUNT: 9242.30000	
C.	PERCENT OF CONTRACT VALUE THIS CHANGE ORDER (B/A):	6.23% %
D.	AMOUNT OF PREVIOUS CHANGE ORDERS:	\$ 0
E.	TOTAL AMOUNT OF ALL CHANGE ORDERS (B+D):	\$ 78,117
F.	PERCENT OF CONTRACT OF ALL CHANGE ORDERS (E/A): <i>25% increase or decrease</i>	6.23% %
G.	NEW CONTRACT AMOUNT (A+E):	\$ 1,332,366

3. It is mutually agreed that the above dollar amount and the time extension, as applicable, as set forth in this Change Order constitutes full compensation to the Contractor for all costs, expenses and damages to the Contractor, whether direct, consequential or otherwise, in anyway incident to, or arising out of or resulting directly or indirectly; from the work performed or modified by the Contractor under this Change Order.

This Change Order is not valid without the following signatures (please sign in order and return 3 originals with Contract Cover Sheet to Purchasing and Contract Management Department):

[Signature] 7/3/14 [Signature] July 7, 2014
(1) CONTRACTOR Date (2) PROJECT ARCHITECT/ENGINEER Date
Approved as to Content: Approved as to Form
[Signature] 07/16/14 [Signature] 7/15/14
(3) OWNER'S REPRESENTATIVE Date (4) CITY ATTORNEY Date
[Signature] 7/16/14
(5) CAPITAL PROJECTS MANAGER Date (6) PURCHASING AND CONTRACT MANAGER Date

Change Orders over \$25,000 require a Contract Cover Sheet and the following signatures:

CITY OF LUBBOCK ATTEST:
(7) MAYOR Date (8) CITY SECRETARY Date
Council Date: July 23, 2014 Agenda Item #: _____ Resolution #: _____

DESCRIPTION OF CONTRACTOR'S PRICE FOR PROPOSED MODIFICATION

PROJECT: Canyon Lake Reuse Project @SE Water Reclamation Plant
 OWNER: City of Lubbock, TX
 CONTRACTOR: RED RIVER CONSTRUCTION COMPANY, INC.
 ENGINEER: Enprotec / Hibbs & Todd
 REFERENCE: Sheet 4 --- 42" Connection to Existing
Letter of June 2 concerning Differing Site Conditions

PROJECT NUMBER

291

4678

Date: Jun. 27, 2014

The Contractor proposes to make the following additions, modifications, or deletions to the Work described in the Contract Documents:

As per the above letter, the 42" connection point at about Station 0+26 for the outfall line and the existing encased 42" line is not as per the contract drawings. We have tried to find the exact location and a solution for the connection. The existing drive to the north of the connection point had to be removed to stabilize the excavation and to locate the pipeline. As per our discussions, we dug down and found the connection below the existing ductbank and about 10' to the north. We have looked at rotating the existing 42" line up but the pipe below the UV Structure and the first 42" bend is encased. The other obstacle is the distance between the ductbank and the encased 42" will not allow the line to be laid properly. Therefore, it appears we will have to tunnel under the encased pipe to install the 42". The cost is as follows:

1 lot Piping		\$10,750.00
8 cy Flowable Fill		\$720.00
22 cy Concrete		\$2,310.00
1 lot Rebar		\$2,200.00
1 lot Forms		\$506.25
1 lot Trucking		\$2,220.00
1 lot Concrete Saw & Demo Equipment		\$480.00
1 lot Excavator		\$3,750.00
2 lot Loader		\$5,000.00
1 lot Fuel, Oil, & Maintenance		\$6,222.00
1 lot Tools & Miscellaneous		\$2,113.90
688 hrs Labor	17.00	\$11,696.00
116 hrs Operator	18.50	\$2,146.00
148 hrs Foreman	26.50	\$3,922.00
90 hrs Supervision	37.50	\$3,375.00
45% Labor Burden		\$9,512.55
	SUBTOTAL:	\$66,923.70
15% Contractor's Fee		\$10,038.56
Bond		\$1,154.43
	TOTAL:	\$78,116.69

We also request a 60 day time extension to cover the additional work required to locate the pipe and will require additional time and money pending the new connection design.

Prepared by: Red River Construction Co.

By:

Dean Porter, President

**City of Lubbock, TX
Capital Project
Project Cost Detail
August 14, 2014**

Capital Project Number:	8524
Capital Project Name:	Canyon Lakes System Reuse Study

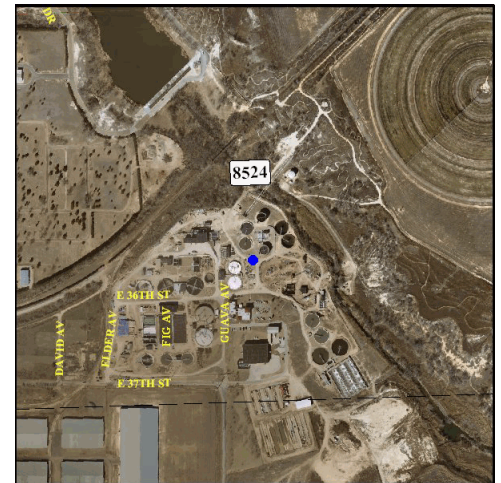
	Budget
<i>Encumbered/Expended</i>	
Alan Plummer Contract	\$ 601,152
City of Lubbock Staff Time	11,876
Professional Services - Other	3,595
Sewer System Improvements	108
Red River Construction Company	1,254,449
 <i>Agenda Item August 14, 2014</i>	
Red River Construction Change Order No. 1	78,117
<i>Encumbered/Expended to Date</i>	1,949,298
 <i>Estimated Costs for Remaining Appropriation</i>	
Effluent Water Reuse Study	270,502
<i>Remaining Appropriation</i>	270,502
Total Appropriation To Date	\$ 2,219,800

Managing Department Public Works Engineering

Project Manager Aubrey Spear

Project Classification Master Plans/Studies

Project Status Approved



Project Scope

Conduct a study of the reuse of effluent water in the Canyon Lake System and construct improvements for Outfall 007 associated with the Plant 4 improvements necessary for stream discharge. Funding is through an Environmental Protection Agency grant.

Project Justification

Water planning and management are priorities established by the City Council. One of the objectives of the Water Supply Plan and Report is to evaluate the cost to improve the wastewater treatment facilities to produce a consistent supply of stream discharge quality effluent, design and construct improvements to the facilities, and evaluate effluent management opportunities, including using the Jim Bertam Lake System.

Project History

In 2004, the City Council adopted the City of Lubbock Strategic Water Plan. One of the recommendations is to seek permit reuse for developed water, evaluate improvements needed to achieve 100 percent reuse, and evaluate the feasibility of implementing the Canyon Lakes Water Reuse Project.

\$1,140,000 was appropriated in FY 2005-06 Budget, Ord. No. 2005-00106, September 8, 2005.

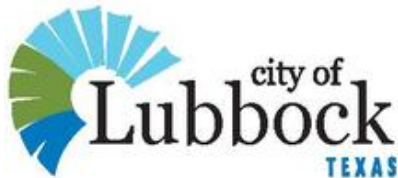
Reduced funding by \$1,140,000 in FY 2005-06 Budget Amendment No. 14, Ord. No. 2006-00040, April 13, 2006.

\$1,419,800 was appropriated in FY 2005-06 Budget Amendment No. 21, Ord. No. 2006-00101, September 28, 2006.

\$800,000 was appropriated in FY 2013-14 Budget Amendment No. 6, Ord. No. 2013-00120, December 19, 2013.

Appropriation Detail	Appropriation to Date	Unappropriated Planning Years						Total Project Amount
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
Design and Engineering	2,219,800	0	0	0	0	0	0	2,219,800
Total Project Appropriation	2,219,800	0	0	0	0	0	0	2,219,800

Funding Detail	Funding to Date	Unappropriated Planning Years						Total Funding
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
Federal Grant Funding	769,800	0	0	0	0	0	0	769,800
FY 2007 Wastewater Revenue CO's	154,284	0	0	0	0	0	0	154,284
FY 2008 Wastewater Revenue CO's	1,186,212	0	0	0	0	0	0	1,186,212
FY 2014 Wastewater Pay-As-You-Go	109,504	0	0	0	0	0	0	109,504
Total Funding Sources	2,219,800	0	0	0	0	0	0	2,219,800



Regular City Council Meeting

6. 3.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution – Public Works Engineering: Consider a resolution authorizing the Mayor to execute Change Order 2 for contract 11430 with Red River Construction Company for services associated with North Water Treatment Plant (NWTP) Improvements No.1.

Item Summary

The original Contract 11430, in the amount of \$3,219,900, addressed maintenance and upgrades required on the NWTP. Change Order 1 was issued on April 30, 2014, in the amount of \$23,540 for emergency joint seal repair needed to restore a sedimentation basin to operation ahead of summer pumping. Change Order 2, in the amount of \$98,213, will complete the joint seal work in the remainder of the sedimentation basins; add additional baffle wall reinforcement members; replace the main backwash valve assembly; and exchange a filter backwash valve for an influent valve. The new contract price after change orders will be \$3,341,653.

Fiscal Impact

\$9,402,000 is appropriated in Capital Improvement Project 91032, Water Treatment Plant Improvements, with \$98,213 available for this purpose.

Staff/Board Recommending

R. Keith Smith P.E. Director of Public Works

Attachments

Resolution

Change Order 2 - Red River Construction Co.

Letter - Alan Plummer

Budget Detail

CIP Detail

RESOLUTION

WHEREAS, the City of Lubbock and Red River Construction Co. ("Contractor"), entered into Contract No. 11430 ("Contract"), Resolution No. 2013-R0304, related to the North Water Treatment Plant Improvements Project (the "Project");

WHEREAS, pursuant to Change Order No. 1, the City and Contractor increased the amount of the Contract by Twenty-Three Thousand Five Hundred Forty and No/100 Dollars (\$23,540.00), said amount being less than 1% of the original Contract value;

WHEREAS, the City and Contractor now desire to enter into Change Order No. 2, as prescribed below.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Change Order No. 2 to that certain Contract No. 11430, Resolution No. 2013-R0304, by and between the City of Lubbock and Red River Construction Co., for the North Water Treatment Plant Improvement Project, per Bid # RFP – 13-11430-MA, and related documents. Said Change Order No. 2 is attached hereto and incorporated in this Resolution as if fully set forth herein and shall be included in the minutes of the City Council.

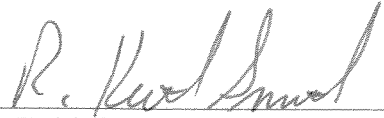
Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



R. Keith Smith, P.E., Director of Public Works

APPROVED AS TO FORM:

A handwritten signature in black ink, consisting of a stylized 'R' followed by a series of loops and a long horizontal stroke.

Richard K. Casner, Natural Resources and Utility Attorney

sj/RES.ChgOrd#2-Contract-11430-Red River Construction Co.
7/8/14

**City of Lubbock
Purchasing and Contract Management
Change Order**

Contract No: 11430 Contractor: Red River Construction, Inc. Co.
Change Order No. CO-2 Contract Title: NWTP Improvements No.1
BID/RFP No. RFP-13-11430-MA Project Number: 91032.9241.30000

1. "Change Order" means a written order to a Contractor executed by the Owner in accordance with the contract authorizing an addition to, deletion from, or adjustment or revision of the requirements of the contract documents, or an adjustment to the compensation payable to Contractor, or to the time for performance of the contract and completion of the Project, or a combination thereof, which does not alter the nature of the thing to be constructed and is an integral part of the project objective. Adjustments to "Estimated Quantities" to a line item in a Unit Price contract do not require a Change Order. All work that alters the nature of the thing to be constructed or that is not an integral part of the project objective must be let out for public bid. Description of change (alteration, deviation, addition, or deletion) caused by conditions encountered during construction not covered by the specifications and drawings of the project (attach additional pages if necessary):

See attached for breakdown

2. Where the Change Order is negotiated, the Change Order must be fully documented and itemized as to costs, including material quantities, material costs, taxes, insurance, employee benefits, other related costs, profit and overhead. Where certain unit prices are contained in the initial contract, no deviations are allowed in computing negotiated change order costs.

ITEMIZED COSTS MUST BE FULLY DOCUMENTED AND ATTACHED TO THIS FORM.

ITEM	DESCRIPTION	AMOUNT
A.	ORIGINAL CONTRACT VALUE:	\$ 3,219,900.00
B.	AMOUNT OF THIS CHANGE ORDER: <i>Council approval required if over \$25,000</i>	\$ 98,212.79
	COST CENTER: 91032 ACCOUNT: 9241	
C.	PERCENT OF CONTRACT VALUE THIS CHANGE ORDER (B/A):	3.05 %
D.	AMOUNT OF PREVIOUS CHANGE ORDERS:	\$ 23,540.00
E.	TOTAL AMOUNT OF ALL CHANGE ORDERS (B+D):	\$ 121,752.79
F.	PERCENT OF CONTRACT OF ALL CHANGE ORDERS (E/A): <i>25% increase or decrease</i>	3.78 %
G.	NEW CONTRACT AMOUNT (A+E):	\$ 3,341,652.79

3. It is mutually agreed that the above dollar amount and the time extension, as applicable, as set forth in this Change Order constitutes full compensation to the Contractor for all costs, expenses and damages to the Contractor, whether direct, consequential or otherwise, in anyway incident to, or arising out of or resulting directly or indirectly, from the work performed or modified by the Contractor under this Change Order.

This Change Order is not valid without the following signatures (please sign in order and return 3 originals with Contract Cover Sheet to Purchasing and Contract Management Department):

[Signature] 7/2/14 (1) CONTRACTOR Date
[Signature] 7/2/14 (2) PROJECT ARCHITECT/ENGINEER Date
Approved as to Content: Approved as to Form:
[Signature] 07/16/14 (3) OWNER'S REPRESENTATIVE Date
[Signature] 7/16/14 (4) CITY ATTORNEY Date
[Signature] 7/16/14 (5) CAPITAL PROJECTS MANAGER Date
[Signature] 7/14/2014 (6) PURCHASING AND CONTRACT MANAGER Date

Change Orders over \$25,000 require a Contract Cover Sheet and the following signatures:

CITY OF LUBBOCK ATTEST:
(7) MAYOR Date (8) CITY SECRETARY Date
Council Date: Agenda Item #: Resolution #:

**City of Lubbock
North Water Treatment Plant Improvements No. 1
Change Order No. 2**

I. DESCRIPTION OF CHANGE ORDER

- a. Per CMR No. 1, for reinforcing the new baffles and gates with 2x4's.
- b. Per PCM No. 1, for deleting the 30" drain butterfly valve and actuator replacement from the scope of work but adding the replacement of the 24" influent valve and actuator.
- c. Per PCM No. 2, for replacing the 30" backwash butterfly valve and actuator.
- d. Per PCM No. 3, for repairing leaky joints in Basins 1-6. Part of this (\$23,540 of the \$70,620) has been paid in Change Order No.1, and this Change Order addresses the balance.

II. EFFECT OF CHANGE

<u>Item Description</u>	<u>Unit</u>	<u>Extended Cost</u>	<u>Additional Days</u>
a. Baffle Reinforcement	Lump Sum	\$ 26,956.47	0
b. Filter No. 8 Influent Valve Replacement	Lump Sum	\$ 180.38	0
c. Main Backwash Replacement	Lump Sum	\$ 23,995.94	0
d. Joint Sealant Repair	Lump Sum	\$ 47,080.00	0
Subtotal		\$ 98,212.79	0



ALAN PLUMMER
ASSOCIATES, INC.

ENVIRONMENTAL
ENGINEERS AND SCIENTISTS

0425-014-04

July 3, 2014

Mr. Greg Baier, P.E.
Civil Engineer
Water Utilities Engineering
City of Lubbock
P.O. Box 2000
Lubbock, Texas 79457

Re: City of Lubbock
North Water Treatment Plant Improvements Project No.1
Change Order No. 2

Dear Mr. Baier:

Enclosed are three signed copies of Change Order No. 2 for the above-referenced project, which have been executed by our office and Red River Construction, Inc., and are ready for final processing. This change order includes CMR No. 1, PCM No.1, PCM No. 2, and PCM No. 3. Part of PCM No. 3 (\$23,540 of the \$70,620) has been paid in Change Order No.1 and this Change Order addresses the balance. The change order includes \$98,212.79 in additional cost and no additional days to the contract time. The revised contract amount for the project is \$3,341,652.79. The dates for substantial completion and final completion are November 4, 2014, and December 19, 2014, respectively.

Please call me if you have any questions.

Sincerely,

ALAN PLUMMER ASSOCIATES, INC.

James L. Naylor, P.E.
Texas P.E. No. 92721
Project Manager

JLN/mlk

Enclosure

cc: Michael Lowe, City of Lubbock

**City of Lubbock, TX
Capital Project
Project Cost Detail
August 14, 2014**

Capital Project Number:	91032
Capital Project Name:	Water Treatment Plant Improvements

<i>Encumbered/Expended</i>	Budget
City of Lubbock Staff	\$ 46,534
Advertisement	2,256
Misc Expenses	76
Professional Services	1,855
Design/Study APAI	1,026,128
Design/Study BM	612,150
Construction BLTI	730,865
Construction Whiteside	64,810
Construction Anthony Mech	65,449
Other Equipment & Services	118,102
Red River Construction Contract 11430	3,219,900
Red River Construction Contract Changer Order No. 1	23,540

<i>Agenda Item August 14, 2014</i>	
Red River Construction Contract Change Order No. 2	98,213
<i>Encumbered/Expended to Date</i>	6,009,878

<i>Estimated Costs for Remaining Appropriation</i>	
Water Treatment Plant Improvements	3,392,122
<i>Remaining Appropriation</i>	3,392,122
Total Appropriation To Date	\$ 9,402,000

Managing Department **Water Treatment***Project Manager* **Bruce Blalack***Project Classification* **Upgrade/Major Maintenance***Project Status* **Approved***Project Scope*

Purchase and install new equipment; modify existing equipment, facility and treatment system; and other major maintenance activities.

Project Justification

Replacing and updating aging infrastructure decreases emergency maintenance expenditures and system failures.

Project History

\$390,000 was appropriated in FY 2004-05, Ord. No. 2005-00031, March 24, 2005.

Reduced funding by \$60,000 in FY 2005-06, Ord. No. 2006-00077, July 10, 2006.

\$1.7 million was appropriated in FY 2008-09 Budget, Ord. No. 2008-O0077, September 11, 2008.

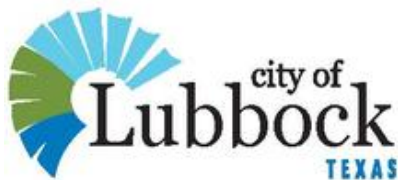
\$5,372,000 was appropriated in the FY 2009-10 Budget, Ord. No. 2009-O0073, August 27, 2009.

Reduced funding by \$5,872,000 in FY 2009-10 Budget Amendment No. 6, Ord. No. 2009-O0108, December 2, 2009.

\$5,872,000 was appropriated in the FY 2010-11 Budget, Ord. No. 2010-O0070, September 16, 2010.

\$2.0 million was appropriated in the FY 2011-12 Budget, Ord. No. 2011-O0080, September 8, 2011.

<i>Appropriation Detail</i>	Appropriation to Date	Unappropriated Planning Years						Total Project Amount
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
Construction	9,402,000	0	6,000,000	2,000,000	12,000,000	6,500,000	0	35,902,000
Total Project Appropriation	9,402,000	0	6,000,000	2,000,000	12,000,000	6,500,000	0	35,902,000



Regular City Council Meeting

6. 4.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Water Treatment: Consider a resolution authorizing the Mayor to execute contract 11931 with Standard Purification for powdered activated carbon at the North Water Treatment Plant (NWTP), ITB 14-11931-KS.

Item Summary

Powdered activated carbon is a chemical used at the NWTP for taste and odor control during the water treatment process. Four sealed bids which included powdered activated carbon chemical samples were received by the bid closing date on July 1, 2014, at 3:00 CST.

Bids were received from the following suppliers:

Standard Purification - Dunnellon, FL	\$ 98,919
Carbon Activated Corporation - Phoenix, AZ	102,834
Cabot (Norit Activated Carbon) - Marshall, TX	113,970
SNR Technologies - Katy, TX	126,585

Standard Purification submitted the lowest bid of \$98,919 per year for approximately 82 tons of powdered activated carbon to be used at the NWTP to aid in taste and odor control.

The contract is awarded by unit price. The total amount of the award is estimated based on expected quantities and actual expenditures may be more or less depending on actual need. The price per unit will not change. This contract is for one year with the option to renew for two one-year additional periods.

Staff recommends awarding the bid for powdered activated carbon to Standard Purification of Dunnellon, Florida. Standard Purification provided all necessary documents and products, submitted the lowest bid, demonstrated good product performance, and passed all lab evaluation tests.

Fiscal Impact

There is \$592,247 appropriated in Cost Center 6345, account 8111 with \$265,180 available in the FY 2013-2014 budget for this purpose.

Staff/Board Recommending

R. Keith Smith, P.E. Director of Public Works

Attachments

Resolution & Contract - Standard Purification

Tab Sheet

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Contract No. ITB 14-11931-KS for powdered activated carbon to be used at the City of Lubbock Water Treatment Plant, by and between the City of Lubbock and Standard Purification of Dunnellon, Florida, and related documents. Said Contract is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

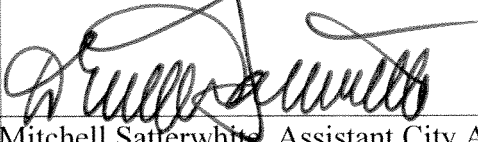
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



R. Keith Smith, P.E., Director of Public Works

APPROVED AS TO FORM:



Mitchell Satterwhite, Assistant City Attorney

RES.Contract-Standard Purification
7. 21. 14

**City of Lubbock, TX
Contract for
Powdered Activated Carbon**

THIS CONTRACT made and entered into this 14th day of August, 2014, by and between the City of Lubbock ("City"), and Standard Purification, ("Contractor").

WITNESSETH:

WHEREAS, the City of Lubbock duly advertised for bids for Powdered Activated Carbon and bids were received and duly opened as required by law; and

WHEREAS, after careful consideration of the bid submitted by Contractor, the City authorized the execution, in the name of the City of Lubbock a contract with said Contractor covering the purchase and delivery of the said Powdered Activated Carbon.

NOW, THEREFORE, in consideration of the mutual agreement contained herein, as well as the financial consideration hereinafter referred to, the parties hereby covenant and agree as follows:

1. In accordance with City's specifications and Contractor's bid, copies of which are attached hereto and made part hereof, Contractor will deliver to the City, Powdered Activated Carbon and more specifically referred to as Item 1 on the bid submitted by the Contractor or in the specifications attached hereto.
2. The City promises and agrees to employ, and does employ, the Contractor to cause to be done the work provided for in this Contract and to complete and finish the same according to the attached specifications, offer, and terms and conditions contained herein.
3. The Contractor shall perform the work according to the procedures outlined in the Bid Form and Specifications attached hereto. The contract shall be for a term of one year, with the option of two, one year extensions, said date of term beginning upon formal approval. All stated annual quantities are approximations of usage during the time period to be covered by pricing established by this bid. Actual usage may be more or less. Order quantities will be determined by actual need.
4. This contract shall remain in effect until the expiration date, performance of services ordered, or termination of by either party with a thirty (30) day written notice. Such written notice must state the reason for cancellation. The City of Lubbock reserves the right to award the canceled contract to the next lowest and best bidder as it deems to be in the best interest of the city.
5. Contractor shall at all times be an independent contractor and not an agent or representative of City with regard to performance of the Services. Contractor shall not represent that it is, or hold itself out as, an agent or representative of City. In no event shall Contractor be authorized to enter into any agreement or undertaking for or on behalf of City.
6. The contractor shall obtain and maintain in full force and effect during the term of the contract, commercial general liability coverage with insurance carriers admitted to do business in the State of Texas. The insurance companies must carry a Best's Rating of A- VII or better. The policies will be written on an occurrence basis, subject to the following minimum limits of liability:

TYPE**AMOUNT**\$500,000**General Liability**

Commercial General Liability

General Aggregate

Products-Comp/Op AGG

Personal & Adv. Injury

Contractual Liability

Automotive Liability\$500,000

Combined Single Limit

Any Auto

Workers Compensation or\$500,000**Occupation Medical and Disability**

The City of Lubbock shall be named as additional insured on a primary and Non-Contributory basis on Auto/General Liability, with a waiver of subrogation in favor of the City of Lubbock on all coverages. Copies of all endorsements are required.

The contractor will provide a Certificate of Insurance to the City as evidence of coverage. The certificate will provide 30 days notice of cancellation, and under the cancellation section, the wording "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" will be crossed out. A copy of the additional insured endorsement attached to the policy will be included with the certificate.

The contractor shall also maintain workers compensation insurance in the statutory amount.

If at any time during the life of the contract or any extension, the contractor fails to maintain the required insurance in full force and effect, all work under the contract shall be discontinued immediately. Any failure to maintain the required insurance may be sufficient cause for the City to terminate the contract.

7. Neither the City nor the Contractor shall assign, transfer or encumber any rights, duties or interests accruing from this Contract without the written consent of the other.
8. The City reserves the right to exercise any right or remedy available to it by law, contract, equity, or otherwise, including without limitation, the right to seek any and all forms of relief in a court of competent jurisdiction. Further, the City shall not be subject to any arbitration process prior to exercising its unrestricted right to seek judicial remedy. The remedies set forth herein are cumulative and not exclusive, and may be exercised concurrently. To the extent of any conflict between this provision and another provision in, or related to, this document, this provision shall control.
9. At any time during the term of the contract, or thereafter, the City, or a duly authorized audit representative of the City or the State of Texas, at its expense and at reasonable times, reserves the right to audit Contractor's records and books relevant to all services provided to the City under this Contract. In the event such an audit by the City reveals any errors or overpayments by the City, Contractor shall refund the City the full amount of such overpayments within thirty (30) days of such audit findings, or the City, at its option, reserves the right to deduct such amounts owing the City from any payments due Contractor.

10. Non-Appropriation: All funds for payment by the City under this contract are subject to the availability of an annual appropriation for this purpose by the City. In the event of non-appropriation of funds by the City Council of the City of Lubbock for the goods or services provided under the contract, the City will terminate the contract, without termination charge or other liability, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the goods or services covered by this contract is spent, whichever event occurs first. If at any time funds are not appropriated for the continuance of this contract, cancellation shall be accepted by the Seller on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the City shall not be obligated under this contract beyond the date of termination.
11. Assigning or Subletting the Contract: The Contractor shall not assign or sublet the contract, or any portion of the contract, without written consent from the Director of Purchasing and Contract Management. Should consent be given, the Contractor shall insure the Subcontractor or shall provide proof on insurance from the Subcontractor that complies with all contract Insurance requirements.
12. This Contract consists of the following documents set forth herein; Invitation to Bid No. 14-11931-KS, Specifications, and the Bid Form.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written. Executed in triplicate.

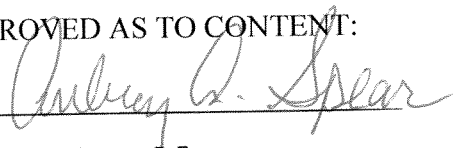
CITY OF LUBBOCK

Glen C. Robertson, Mayor

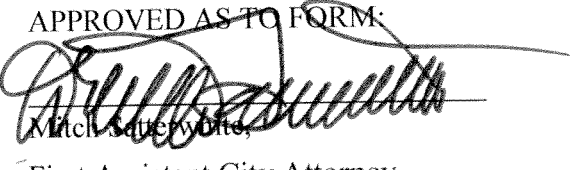
ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:


Aubrey A. Spear, P.E.
Director of Water Utilities

APPROVED AS TO FORM:


Mitch Butterworth,
First Assistant City Attorney

CONTRACTOR

BY 
Authorized Representative

Tony Julian
Print Name

551 N US Hwy 41
Address

Dunnellon, FL 34432
City, State, Zip Code

**City of Lubbock, TX
Powdered Activated Carbon - Annual Pricing
ITB 14-11931-KS**

**SPECIFICATION FOR
POWDERED ACTIVATED CARBON**

1. DESCRIPTION

Activated carbon is a black powder with enormous surface area and is insoluble in water. The chemical formula is C and the formula weight is 12.0. Powdered activated carbon is used for the absorption and removal of color, odor, and other organic substances from drinking water.

2. PURITY REQUIREMENTS

Powdered activated carbon purchased for use at the City of Lubbock Water Treatment Plant shall contain no soluble mineral or organic substances capable of producing deleterious or injurious effects upon the health of those consuming the water, or that would otherwise render treated water unfit for public consumption. Activated carbon shall conform to (AWWA) American Water Works Association Standard December 2013 or the latest revision thereof. Bidders must furnish an affidavit attesting to compliance with this standard along with this standard along with a certified analysis of the activated carbon.

3. PRODUCT PERFORMANCE

Each bidder will supply a suitable sample size for performance evaluation with the bid. The City will analyze each sample for absorption capability by weight. Acceptance of a bid will be based on performance and cost.

4. REGULATORY REQUIREMENT

Effective January 1, 1993, all chemicals and any additional or replacement process media used in treatment of water supplied by public water systems must conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 60 for direct additives and ANSI/NSF standard 61 for indirect additives. Conformance with these standards must be obtained by certification of the product by an organization accredited by ANSI. The successful bidder must provide proof of this certification to the City of Lubbock Water Treatment Department with the bid.

5. QUANTITY

Anticipated annual consumption of powdered activated carbon will be 82 tons more or less.

6. DELIVERY

The powdered activated carbon shall be delivered in bulk via hopper truck with pneumatic power unloading equipment and a dust capture sock. Unloading to plant storage tanks is to be performed by the driver under the direction of operations personnel. The transporter is required to furnish official certified, dated, stamped, weight tickets with each load of chemical, before and after unloading. Handwritten tickets or numbers are prohibited. Delivery day and time will be specified at each ordering time.

All delivery people will display photo security ID upon arrival at the site. All deliver people will be identified by the company before arrival at this site. Preferably at the time and order is placed. Upon arrival at the Water Treatment Plant, delivery people will check in at the main Building before going to the unloading site. Normal delivery will be during regular business hours. All loads will be sealed and the seal will be broken in the presence of the plant representative.

7. PRICING

Pricing for powdered activated carbon shall be firm for a period of one (1) year with an option of two (2), one year extensions, said date of term beginning upon formal approval. years with the written consent of both parties. Price shall be quoted for bulk delivery FOB City of Lubbock Water Treatment Plant. Listed quantity is an estimate only for pricing purposes. Actual usage may vary.

8. SPECIFICATION

<u>PROPERTY</u>	<u>SPECIFICATIONS</u>
Moisture as packed, %	8 max.
Molasses RE, ai	75 min.
Part. Size – 325 mesh, %	90 min.
Part. Size – 200 mesh, %	95 min.
Part. Size – 100 Mesh%	99 min.
Iodine No.	500 min.
TA Density, lbs/cu. Ft.	None

**City of Lubbock, TX
Powdered Activated Carbon
ITB 14-11931-KS
BID FORM**

In compliance with the **Invitation to Bid 14-11931-KS**, the undersigned Bidder having examined the Invitation to Bid and Specifications, and being familiar with the conditions to be met, hereby submits the following Bid for furnishing the material, equipment, labor and everything necessary for providing the items listed below and agrees to deliver said items at the locations and for the prices set forth on this form. A bid will be subject to being considered irregular and may be rejected if it shows omissions, **alterations of form**, conditional alternate bids, additions or alternates in lieu of the items specified, if the unit prices are obviously unbalanced (either in excess of or below reasonably expected values), or irregularities of any kind. The Invitation to Bid **14-11931-KS** is by reference incorporated in this contract. The Bid Form **must be completed** in blue or black ink or by typewriter.

ITEM	QTY (+/-)	UNIT OF MEASURE	DESCRIPTION	UNIT PRICE* BID	EXTENDED COST	Delivery Days ARO**
1.	87	TN	Powdered Activated Carbon, as specified herein.	\$ 1,137.00	\$ 98,919	5-7 days
Total					\$ 98,919	

***PRICE: F.O.B. Destination, Freight Pre-Paid and Allowed**

****Days After Receipt of Order (ARO)**

PAYMENT TERMS AND DISCOUNTS - Bidder offers a prompt payment discount of 0 %, net calendar days. Discounts will not be considered in determining low bid. Unless otherwise indicated on the Bid Form, payment terms will be NET THIRTY DAYS. The City will pay the successful bidder within thirty days after the receipt of a correct invoice or after the date of acceptance, whichever event occurs later. Discounts for prompt payment requiring payment by the City within a stipulated number of days will be interpreted as applying within the stipulated number of calendar days after the date of receipt by the City of a correct invoice or after the date of acceptance that meets contract requirements, whichever event occurs later. Discounts for payment in less than ten days will not be considered.

MOST FAVOURED PRICING: The Bidder certifies that the price quoted is not in excess of the lowest price charged anyone else, including its most favoured customer, for like quality and quantity of the products/services; does not include an element of profit on the sale in excess of that normally obtained by the Bidder on the sale of products/services of like quality and quantity; and does not include any provision for discounts to selling agents. If at any time during the contract period, the supplier should sell or offer for sale to any other customer, an equal or less quantity of similar contract products of like or better quality, at a lower net price(s) than provided herein, supplier agrees to notify the City and sell same product(s) at the lower price(s) on all deliveries made during the period in which such lower price(s) is effective.

INTERLOCAL PURCHASING (optional): The City desires to make available to other local governmental entities of the State of Texas, by mutual agreement with the successful bidder, and properly authorized interlocal purchasing agreements as provided for by the Interlocal Cooperation Act (Chapter 791, Government Code), the right to purchase the same services, at the prices quoted, for the period of this contract. Each bidder shall indicate on the Bid Form in the space provided below if he/she will honor Political Subdivision orders in addition to orders from the City of Lubbock. Should these other governmental entities decide to participate in this contract, would you (the bidder) agree that all terms, conditions, specifications, and pricing would apply?

YES X NO _____

- Addenda No. _____ Date _____

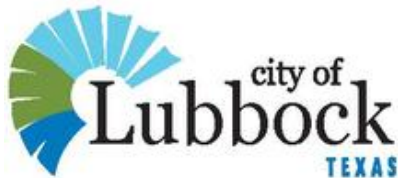
E-mail Address: tjulian@standardpurification.com

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City of Lubbock, TX
Powdered Activated Carbon
Bid Tabulation
August 14, 2014

ITB 14-11931-KS
Powdered Activated Carbon

Item	U/M	Qty	Description/Vendor	Location	Unit Cost	Extended Cost
1	EA	87	Powdered Activated Carbon			
			Standard Purification	Dunnellon, FL	1,137	\$ 98,919
			Carbon Activated	Phoenix, AZ	1,182	102,834
			Cabot (Norit Activated Carbon)	Marshall, TX	1,310	113,970
			SNR Technologies	Katy, TX	1,455	126,585
			No Bid			
			Brenntag Southwest, Inc.	Houston, TX		



Regular City Council Meeting

6. 5.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Aviation: Consider a resolution authorizing the Mayor to accept a Federal Aviation Administration Grant Agreement 3-48-0138-039-2014 for up to \$35,669,756 to fund LBB Runway 17R-35L Improvement Project.

Item Summary

Lubbock Preston Smith International Airport is eligible to receive annual entitlement funds from the Federal Aviation Administration (FAA) under the Airport Improvement Program. Funds under this program are restricted to safety, security and capacity improvements.

Lubbock International has submitted an application for a FAA grant to fund the LBB Runway 17R-35L Improvement Project.

At this time, the grant amount has not been determined, but could be up to \$35,669,756. This total includes discretionary and entitlement funds. A budget amendment to the capital improvement project may be required to match federal funding received.

Fiscal Impact

The grant will be used to fund 90% of the runway project. The remaining 10% will be funded through the Passenger Facility Charge Program.

Staff/Board Recommending

Kelly Campbell, Executive Director of Aviation
Airport Advisory Board

Attachments

Resolution - Grant 14

Grant Offer 14

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock a Federal Aviation Administration Grant Agreement by and between the City of Lubbock and Federal Aviation Administration to Improve LBB Runway 17R/35L, and all related documents, in an amount up to and not exceeding thirty-five million six hundred sixty-nine thousand seven hundred fifty-five and 67/100 dollars (\$35,669,755.67).

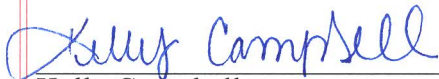
Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Kelly Campbell
Director of Aviation

APPROVED AS TO FORM:



Mitchell Satterwhite, First Assistant City Attorney

Res. Airport-FAA RSA Improvement
July 14, 2014



U.S. Department
of Transportation
Federal Aviation
Administration

GRANT AGREEMENT

PART I – OFFER

August 1, 2014

Date of Offer

Lubbock International

Airport/Planning Area

3-48-0138-039-2014

AIP Grant No.

TO: The City of Lubbock, Texas

(herein called the "Sponsor")

FROM: The United States of America (acting through the Federal Aviation Administration,
herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA a Grant Application dated **June 30, 2014**, for a grant of Federal funds for a project(s) at or associated with the **Lubbock Preston Smith International Airport** which Grant Application, as approved by the FAA, is hereby incorporated herein and made a part hereof; and

WHEREAS, the FAA has approved a project(s) for the Airport (or Planning Area) (herein called the "Project") consisting of the following:

LBB Runway 17R-35L Improvement Project

all as more particularly described in the Grant Application.

NOW THEREFORE, pursuant to and for the purpose of carrying out the provisions of Title 49, United States Code, as amended, herein called "the Act", and in consideration of (a) the Sponsor's adoption and ratification of the representations and assurances contained in said Grant Application and its acceptance of this Offer as hereinafter provided, and (b) the benefits to accrue to the United States and the public from the accomplishment of the Grant and compliance with the assurances and conditions as herein provided, **THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES** to pay, as the United States share of the allowable costs incurred in accomplishing the Grant, **ninety (90)** per centum thereof.

This Offer is made on and **SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

1. The maximum obligation of the United States payable under this Offer shall be **\$35,669,755.67**. For the purposes of any future grant amendments which may increase the foregoing maximum obligation of the United States under the provisions of Section 47108(b) of the Act, the following amounts are being specified for this purpose:
\$35,669,755.67 for runway improvements.
2. The allowable costs of the project(s) shall not include any costs determined by the FAA to be ineligible for consideration as to allowability under the Act.
3. Payment of the United States' share of the allowable project costs will be made pursuant to and in accordance with the provisions of such regulations and procedures as the Secretary shall prescribe. Final determination of the United States' share will be based upon the final audit of the total amount of allowable project costs and settlement will be made for any upward or downward adjustments to the Federal share of costs.
4. The Sponsor shall carry out and complete the Project(s) without undue delays and in accordance with the terms hereof, and such regulations and procedures as the Secretary shall prescribe, and agrees to comply with the assurances which were made part of the Grant application.
5. The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the Sponsor.
6. This offer shall expire and the United States shall not be obligated to pay any part of the costs of the Grant unless this offer has been accepted by the Sponsor by **September 1, 2014** of Grant issuance, or such subsequent date as may be prescribed in writing by the FAA.
7. The Sponsor shall take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner in any project upon which Federal funds have been expended. For the purposes of this grant agreement, the term "Federal funds" means funds however used or dispersed by the Sponsor that were originally paid pursuant to this or any other Federal grant agreement. It shall obtain the approval of the Secretary as to any determination of the amount of the Federal share of such funds. It shall return the recovered Federal share, including funds recovered by settlement, order, or judgment, to the Secretary. It shall furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share shall be approved in advance by the Secretary.
8. The United States shall not be responsible or liable for damage to property or injury to persons which may arise from, or be incident to, compliance with this grant agreement.

9. **MAXIMUM OBLIGATION INCREASE FOR NONPRIMARY AIRPORTS:** In accordance with Section 47108(b) of the Act, as amended, the maximum obligation of the United States, as stated in Condition No. 1 of this Grant Offer:

- a. May not be increased for a planning project;
- b. May be increased by not more than 15 percent for development projects;
- c. May be increased by not more than 15 percent or by an amount not to exceed 25 percent of the total increase in allowable costs attributable to the acquisition of land or interests in land, whichever is greater, based on current credible appraisals or a court award in a condemnation proceeding.

10. **MAXIMUM OBLIGATION INCREASE FOR PRIMARY AIRPORTS:** In accordance with Section 47108(b) of the Act, as amended, the maximum obligation of the United States, as stated in Condition No. 1 of this Grant Offer:

- a. May not be increased for a planning project;
- b. May be increased by not more than 15 percent for development projects;
- c. May be increased by not more than 15 percent for land projects.

11. **INFORMAL LETTER AMENDMENT OF AIP GRANTS:** It is mutually understood and agreed that if, during the life of the Grant, the FAA determines that the maximum grant obligation of the United States exceeds the expected needs of the Sponsor by \$25,000.00 or five percent (5%), whichever is greater, the maximum obligation of the United States can be unilaterally reduced by letter from the FAA advising of the budget change. Conversely, if there is an overrun in the total actual eligible and allowable project costs, FAA may increase the maximum grant obligation of the United States to cover the amount of the overrun not to exceed the statutory percent limitation and will advise the Sponsor by letter of the increase. It is further understood and agreed that if, during the life of the Grant, the FAA determines that a change in the grant description is advantageous and in the best interests of the United States, the change in grant description will be unilaterally amended by letter from the FAA. Upon issuance of the aforementioned letter, either the grant obligation of the United States is adjusted to the amount specified or the grant description is amended to the description specified.

12. **BUY AMERICAN REQUIREMENT:** Unless otherwise approved by the FAA, the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any project for airport development or noise compatibility for which funds are provided under this grant. The Sponsor will include in every contract a provision implementing this special condition.

13. **AIR AND WATER QUALITY:** Approval of the project(s) included in this agreement is conditioned on the Sponsor's compliance with applicable air and water quality standards in accomplishing project construction. Failure to comply with this requirement may result in suspension, cancellation, or termination of Federal assistance under this agreement.

14. **FOR SPONSORS USING LETTER OF CREDIT:** The Sponsor agrees to request cash drawdowns on the letter of credit only when actually needed for its disbursements and to timely reporting of such disbursements as required. It is understood that failure to adhere to this provision may cause the letter of credit to be revoked.

15. **GRANTS ISSUED ON ESTIMATES:** It is understood and agreed by and between the parties hereto that this Grant Offer is made and accepted based on estimates for Taxiway L rehabilitation, and the parties hereby covenant and agree that within 365 days from the date of acceptance of this Grant Offer, the Sponsor shall receive bids for the project contained within

the grant description.

16. **PAVEMENT MAINTENANCE MANAGEMENT PROGRAM:** For a project to replace or reconstruct pavement at the airport, the Sponsor shall implement an effective airport pavement maintenance management program as is required by the Airport Sponsor Assurance Number C-11. The Sponsor shall use such program for the useful life of any pavement constructed, reconstructed, or repaired with Federal financial assistance at the airport. As a minimum, the program must conform with the provisions outlined below:

Pavement Maintenance Management Program

An effective pavement maintenance management program is one that details the procedures to be followed to ensure that proper pavement maintenance, both preventive and repair, is performed. An airport sponsor may use any form of inspection program it deems appropriate. The program must, as a minimum, include the following:

- a. **Pavement Inventory.** The following must be depicted in an appropriate form and level of detail:

- (1) Location of all runways, taxiways, and aprons;
- (2) Dimensions;
- (3) Type of pavement, and;
- (4) Year of construction or most recent major rehabilitation.

For compliance with the Airport Improvement Program assurances, pavements that have been constructed, reconstructed, or repaired with federal financial assistance shall be so depicted.

- b. **Inspection Schedule.**

- (1) **Detailed Inspection.** A detailed inspection must be performed at least once a year. If a history of recorded pavement deterioration is available, i.e., Pavement Condition Index (PCI) survey as set forth in Advisory Circular 150/5380-6, "Guidelines and Procedures for Maintenance of Airport Pavements," the frequency of inspections may be extended to three years.
- (2) **Drive-By Inspection.** A drive-by inspection must be performed a minimum of once per month to detect unexpected changes in the pavement condition.

- c. **Record Keeping.** Complete information on the findings of all detailed inspections and on the maintenance performed must be recorded and kept on file for a minimum of five years. The types of distress, their locations, and remedial action, scheduled or performed, must be documented. The minimum information to be recorded is listed below:

- (1) Inspection date,
- (2) Location,
- (3) Distress types, and
- (4) Maintenance scheduled or performed.

For drive-by inspections, the date of inspection and any maintenance performed must be recorded.

- d. **Information Retrieval.** An airport sponsor may use any form of record keeping it deems appropriate, as long as the information and records produced by the pavement survey can be retrieved to provide a report to the FAA as may be required.
- e. **Reference.** Refer to Advisory Circular 150/5380-6, "Guidelines and Procedures for Maintenance of Airport Pavements," for specific guidelines and procedures for maintaining airport pavements and establishing an effective maintenance program. Specific types of distress, their probable causes, inspection guidelines, and recommended methods of repair are presented.

17. GRANTS WHICH CONTAIN PAVING WORK IN EXCESS OF \$250,000: The Sponsor agrees to perform the following:

- a. Furnish a construction management program to the FAA prior to the start of construction which shall detail the measures and procedures to be used to comply with the quality control provisions of the construction contract, including, but not limited to, all quality control provisions and tests required by the Federal specifications. The program shall include as a minimum:
 - (1) The name of the person representing the Sponsor who has overall responsibility for contract administration for the Grant and the authority to take necessary actions to comply with the contract.
 - (2) Names of testing laboratories and consulting engineer firms with quality control responsibilities on the project, together with a description of the services to be provided.
 - (3) Procedures for determining that testing laboratories meet the requirements of the American Society of Testing and Materials standards on laboratory evaluation, referenced in the contract specifications (D 3666, C 1077).
 - (4) Qualifications of engineering supervision and construction inspection personnel.
 - (5) A listing of all tests required by the contract specifications, including the type and frequency of tests to be taken, the method of sampling, the applicable test standard, and the acceptance criteria or tolerances permitted for each type of test.
 - (6) Procedures for ensuring that the tests are taken in accordance with the program, that they are documented daily, and that the proper corrective actions, where necessary, are undertaken.
- b. Submit at completion of the project, a final test and quality control report documenting the results of all tests performed, highlighting those tests that failed or did not meet the applicable test standard. The report shall include the pay reductions applied and the reasons for accepting any out-of-tolerance material. An interim test and quality control report shall be submitted, if requested by the FAA.
- c. Failure to provide a complete report as described in paragraph b, or failure to perform such tests, shall, absent any compelling justification, result in a reduction in Federal participation for costs incurred in connection with construction of the applicable pavement. Such reduction shall be at the discretion of the FAA and will be based on the type or types of required tests not performed or not documented and will be commensurate with the proportion of applicable pavement with respect to the total pavement constructed under the grant agreement.

- d. The FAA, at its discretion, reserves the right to conduct independent tests and to reduce grant payments accordingly if such independent tests determine that sponsor test results are inaccurate.

18. **TRAFFICKING IN PERSONS:**

a. Provisions applicable to a recipient that is a private entity.

1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
 - i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 - ii. Procure a commercial sex act during the period of time that the award is in effect; or
 - iii. Use forced labor in the performance of the award or subawards under the award.
2. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity –
 - i. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
 - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—
 - A. Associated with performance under this award; or
 - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 49 CFR Part 29.

b. Provision applicable to a recipient other than a private entity. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity--

1. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
2. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either--
 - i. Associated with performance under this award; or
 - ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 49 CFR Part 29.

c. Provisions applicable to any recipient.

1. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
2. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
 - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 - ii. Is in addition to all other remedies for noncompliance that are available to us under this award.

3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

d. Definitions. For purposes of this award term:

1. "Employee" means either:
 - i. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
 - ii. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
2. "Forced labor" means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
3. "Private entity":
 - i. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
 - ii. Includes:
 - A. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
 - B. A for-profit organization.
4. "Severe forms of trafficking in persons," "commercial sex act," and "coercion" have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

The Sponsor's acceptance of this Offer and ratification and adoption of the Grant Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, as provided by the Act, constituting the contractual obligations and rights of the United States and the Sponsor with respect to the accomplishment of the Grant and compliance with the assurances and conditions as provided herein. Such Grant Agreement shall become effective upon the Sponsor's acceptance of this Offer.

**UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION**

(Signature)

Ed Agnew

(Typed Name)

Manager, Texas Airports Development Office

(Title)

PART II - ACCEPTANCE

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Grant Application and incorporated materials referred to in the foregoing Offer and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Grant Application.

Executed this 14 day of August, 20 14.

City of Lubbock, Texas

(Name of Sponsor)

(SEAL)

(Signature of Sponsor's Designated Official Representative)

By: Glen C. Robertson

(Typed Name of Sponsor's Designated Official Representative)

Title: Mayor

(Typed Title of Sponsor's Designated Official Representative)

Attest:

Rebecca Garza, City Secretary

CERTIFICATE OF SPONSOR'S ATTORNEY

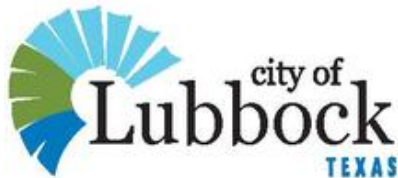
I, Mitchell Satterwhite, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Texas. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the Act. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Dated at Lubbock, Texas this 14 day of August, 20 14.

By

(Signature of Sponsor's Attorney)



Regular City Council Meeting

6. 6.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Facilities Management: Consider a resolution authorizing the Mayor to execute Amendment 1 to professional services contract 11434 with ARMKO Industries, Inc. for services relating to Building Envelope Evaluations of City of Lubbock facilities.

Item Summary

On August 8, 2013, Council approved the original agreement for professional services to perform building envelope consulting services to include, in part or wholly, analysis of existing roofing system, instrumented moisture survey, roof programs, and analysis of the construction documents including review of the exterior elevations, wall sections, parapets, unusual transitions, roof components, door/window details, plan details, specifications, budgeting, bidding/negotiations, quality assurance observations, project close-out, and other related scopes. Amendment 1 extends the agreement in accords to Article 1 of the original agreement for a term of one year, as set forth in the receipt of the written Notice to Proceed.

Fiscal Impact

Funding for this Amendment to the original Agreement remains unchanged. The funding will come from the requesting department's budget. The amount of each contract will be determined by the following scopes indicated above: Schedule A: \$0.05 per facility square footage (minimum of \$1,200); Schedule B: 6.0% of the waterproofing or roofing contract awarded to the successful contractor; and Schedule C: Services will be billed at the rates included in Schedule of Fees.

Staff/Board Recommending

Staff recommends to extend the agreement with ARMKO Industries, Inc. of Lubbock, Texas, for a term of one year.

Attachments

Resolution & Amendment - ARMKO

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Amendment No. 1 to that certain Professional Service Agreement dated August 8, 2013, Resolution No. 2013-R0252, related to building envelope evaluations of various facilities, by and between the City of Lubbock and ARMKO Industries, Inc., and related documents. Said Amendment is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

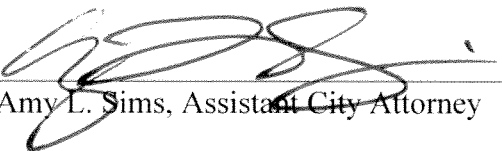
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Mark Yearwood, Assistant City Manager
Chief Information Officer

APPROVED AS TO FORM:



Amy L. Sims, Assistant City Attorney

vw:ccdcs/RES.Amend #1 Agrmt-ARMKO
July 17, 2014

First Amendment for Professional Service Agreement

THIS IS AN AMENDMENT TO THE AGREEMENT dated and entered into the 8th day of August 2013, Resolution No. 2013-R0252 by and between the City of Lubbock ("City") and **ARMKO Industries, Inc.** ("Architectural/Engineer") 7302 82nd Street, Suite 14, Lubbock, Texas.

The Engineer has entered into the Agreement with the City for performing professional services related to the Building Envelope Evaluation for various City Facilities.

This First Amendment extends the Agreement in accords to Article I of the original Agreement for a term of one year, as set forth in the receipt of the Notice to proceed.

This amendment does not include any fee increase or any additional compensation to the Engineer. All other portions of the original Agreement shall remain in place and are not altered by this amendment.

IN WITNESS HEREOF, the parties have executed this Agreement as of this ____ day of August, 2014.

CITY OF LUBBOCK

Glen C. Robertson, Mayor

ARMKO Industries, Inc.

Brad Draper, Vice President

ATTEST:

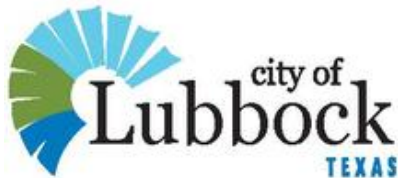
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:

Wesley D. Everett, Director of Facilities
Management

APPROVED AS TO FORM:

Assistant City Attorney



Regular City Council Meeting

6. 7.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Telecommunications: Consider a resolution authorizing the Mayor to execute purchase order contract 33000521 with AT&T Global Services, Inc., for Telephone System Upgrades.

Item Summary

The City operates one main telephone switch and eighteen telephone switches at various municipal sites. The contract provides for Municipal Building, Silent Wings Museum, Police Special Operations and Police Academy systems software and hardware upgrades at a cost of \$123,448.

This agreement is available from AT&T Global Services, Inc. through the State of Texas Department of Information Resources (DIR) Information Technology Commodity Purchasing Program, Contract DIR-SDD- 1465. Texas Local Government Code Chapter 271.083 authorizes local governments to acquire hardware, software and other Information Technology products through the DIR program. Pursuant to Texas Government Code Chapter 79 1.025, purchases from DIR contracts meet competitive bid requirements.

Fiscal Impact

\$123,448.00 is appropriated in the Adopted FY 2013-2014 Operating Budget for this purpose.

Staff/Board Recommending

Mark Yearwood, Chief Information Officer, Assistant City Manager

Attachments

Resolution & Contract - AT&T Global Services, Inc

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Purchase Order No. 33000521 by and between the City of Lubbock and AT&T Global Services, Inc. of Carol Stream, Illinois, for telephone system updates per DIR Contract SDD-1465 and related documents. Said Purchase Order is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

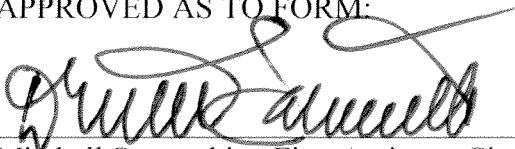
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Mark Yearwood, Assistant City Manager
Chief Information Officer

APPROVED AS TO FORM:



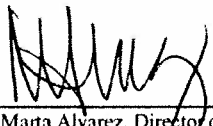
Mitchell Satterwhite, First Assistant City Attorney

vw:ccdocs/RES.AT&T-PurchaseOrd
July 23, 2014

TO: AT&T GLOBAL SERVICES INC
PO BOX 9009
CAROL STREAM Illinois 60197-9009

SHIP TO: CITY OF LUBBOCK
RADIO REPAIR SHOP
ATTN: CLIFFORD CROW
530 36TH STREET, SUITE 200
LUBBOCK Texas 79404

INVOICE TO: CITY OF LUBBOCK
ACCOUNTS PAYABLE
P.O. BOX 2000
LUBBOCK, TX 79457

BY: 
Marta Alvarez, Director of Purchasing & Contract Management

Ordered 08/14/2014 Freight
Requested 08/29/2014 Taken By D GAMBOA
Delivery PER CROW_C REQ 44035 DIR CONTRACT SDD-1465

Description/Supplier Item	Ordered	Unit Cost	UM	Extension	Request Date
Upgrade Telephone System	1.000	27,674.1500	EA	27,674.15	08/29/2014
Police Academy					
Upgrade Telephone System	1.000	29,135.2900	EA	29,135.29	08/29/2014
Silent Wings Museum					
Upgrade Telephone System	1.000	32,758.5400	EA	32,758.54	08/29/2014
Police Special Operations					
Upgrade Telephone System	1.000	33,879.8800	EA	33,879.88	08/29/2014
Municipal Building					
				Total Order	
Terms	NET DUE ON RECEIPT			123,447.86	



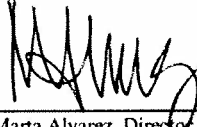
PURCHASE ORDER

Page - 2
Date - 07/15/2014
Order Number 33000521 000 OP
Branch /Plant 3409

TO: AT&T GLOBAL SERVICES INC
PO BOX 9009
CAROL STREAM Illinois 60197-9009

SHIP TO: CITY OF LUBBOCK
RADIO REPAIR SHOP
ATTN: CLIFFORD CROW
530 36TH STREET, SUITE 200
LUBBOCK, TEXAS 79404

INVOICE TO: CITY OF LUBBOCK
ACCOUNTS PAYABLE
P.O. BOX 2000
LUBBOCK, TX 79457

BY: 
Marta Alvarez, Director of Purchasing & Contract Management

INSURANCE CERTIFICATE REQUIRED PRIOR TO INSTALLATION:

Commercial General Liability, per occurrence- \$1,000,000
General Aggregate.
Automotive Liability- Combined Single limit for Any Auto-
\$1,000,000

Worker's Compensation Amounts- \$500,000 or Employer's
Liability. Copies of endorsements are required.

City of Lubbock is named as an additional insured on a primary and noncontributory basis with a waiver of subrogation in favor of the City of Lubbock on liability coverages. To include products of completed operations endorsements. Waiver of subrogation provided on the workers' compensation.

This purchase order encumbers funds in the amount of \$123,447.86 awarded to AT&T Global Services of Carol Stream, Illinois, on August 14, 2014. The following is incorporated into and made part of this purchase order by reference: Quotation received July 11, 2014 from AT&T Global Services of Carol Stream Illinois and State of Texas Department of Information Resources, Contract DIR-SDD-1465. Resolution#_____.

CITY OF LUBBOCK

ATTEST:

Glen C. Robertson, Mayor

Rebecca Garza, City Secretary

AT&T GLOBAL SERVICES
Schedule of Charges

7/11/2014

City of Lubbock - DIR-SDD-1465

Police Academy: CS 1000E

Equipment Code	Description	QTY	Customer Unit Price	Customer Total Price
Main Equipment Section				
AUS1836580				
NTWB17AC	Upgrade to CS1000E CPPM - SA	1	4,187.53	4,187.53
NTDU0606E6	Cable Ethernet RJ45 M-M 25cm	2	63.97	127.94
NTDW63BAE5	ASSY, CS1000 MGC 100BT ADAPTER	1	458.09	458.09
NTE907EB	1 Prem IP Set License	1	189.71	189.71
NTHU62AG	CPDC SS (Chassis/Cabinet) R7.6	1	2,930.17	2,930.17
NTM427BEE6	CPDC Sig Srvr SW (4GB USB) 7.6	1	0.00	0.00
NTE947LL	SW Upg R7.6 (up to 1199 users)	184	32.35	5,952.40
NTE960JC	System Upg to CS1000E CPPM SA	1	878.68	878.68
NTM440CF	CF SW Kit CPPM Single Pro R7.6	1	0.00	0.00
Ancillary Equipment Section				
	Discounted Customer Equipment Price		\$	14,724.52
	Total Equipment and Software Price		\$	14,724.52
Implementation Services Section				
	Installation Services		\$	12,939.46
	Avaya Software Support (PASS Basic) (1 Year)		\$	10.18
	Total Implementation Services Price		\$	12,949.63
Solution Pricing Summary				
	Total Equipment and Software Price		\$	14,724.52
	Total Implementation Services Price		\$	12,949.63
	Total Solution Price		\$	27,674.15
	<i>Taxes, if applicable, to be invoiced on final bill.</i>			
	<i>Quote valid until September 06, 2014</i>			

The proposed equipment list has been engineered
and compiled for use with or on the system with

Serial no.: **10102817**

*

AT&T and Customer Confidential Information

AT&T GLOBAL SERVICES
Schedule of Charges

7/11/2014

City of Lubbock - DIR-SDD-1465

Silent Wings Museum: CS 1000E

Equipment Code	Description	QTY	Customer Unit Price	Customer Total Price
Main Equipment Section				
AUS1830893				
NTWB17AC	Upgrade to CS1000E CPPM - SA	1	4,220.00	4,220.00
NTDU0606E6	Cable Ethernet RJ45 M-M 25cm	2	64.47	128.94
NTDW63BAE5	ASSY, CS1000 MGC 100BT ADAPTER	1	461.64	461.64
NTE907EB	1 Prem IP Set License	1	191.18	191.18
NTHU62AG	CPDC SS (Chassis/Cabinet) R7.6	1	2,952.89	2,952.89
NTM427BEE6	CPDC Sig Svr SW (4GB USB) 7.6	1	0.00	0.00
NTE947LL	SW Upg R7.6 (up to 1199 users)	168	32.60	5,476.80
NTE960JC	System Upg to CS1000E CPPM SA	1	885.50	885.50
NTM440CF	CF SW Kit CPPM Single Pro R7.6	1	0.00	0.00
Ancillary Equipment Section				
AA0132895	SEB Netpath 4 port, 10 SNMP segment with modem	1	1,820.00	1,820.00
AA0133502	Cable Required for SEB Netpath	1	48.75	48.75
	Discounted Customer Equipment Price		\$	16,185.70
	Total Equipment and Software Price		\$	16,185.70
Implementation Services Section				
	Installation Services		\$	12,939.46
	Avaya Software Support (PASS Basic) (1 Year)		\$	10.14
	Total Implementation Services Price		\$	12,949.59
Solution Pricing Summary				
	Total Equipment and Software Price		\$	16,185.70
	Total Implementation Services Price		\$	12,949.59
	Total Solution Price		\$	29,135.29
	<i>Taxes, if applicable, to be invoiced on final bill.</i>			
	<i>Quote valid until August 30, 2014</i>			

The proposed equipment list has been engineered
and compiled for use with or on the system with
Serial no.: **10124154**

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AT&T and Customer Confidential Information

AT&T GLOBAL SERVICES
Schedule of Charges

7/11/2014

City of Lubbock - DIR-SDD-1465

Special Operations: CS 1000E

Equipment Code	Description	QTY	Customer Unit Price	Customer Total Price
<u>Main Equipment Section</u>				
AUS1836389				
NTWB17AC	Upgrade to CS1000E CPPM - SA	1	4,187.53	4,187.53
NTBK65AAE5	MG1000 Chassis and Cabinet T1	1	207.35	207.35
NTDU0606E6	Cable Ethernet RJ45 M-M 25cm	2	63.97	127.94
NTDW12AAE5	UDT Clock Controller D/B	1	908.10	908.10
NTDW63BAE5	ASSY, CS1000 MGC 100BT ADAPTER	1	458.09	458.09
NTDW79ABE5	UDT E1/T1 Pack	1	2,904.44	2,904.44
NTHU62AG	CPDC SS (Chassis/Cabinet) R7.6	1	2,930.17	2,930.17
NTM427BEE6	CPDC Sig Svr SW (4GB USB) 7.6	1	0.00	0.00
NTE947LL	SW Upg R7.6 (up to 1199 users)	160	32.35	5,176.00
NTE960JC	System Upg to CS1000E CPPM SA	1	878.68	878.68
NTM440CF	CF SW Kit CPPM Single Pro R7.6	1	0.00	0.00
<u>Ancillary Equipment Section</u>				
AA0132895	SEB Netpath 4 port, 10 SNMP segment with modem	1	1,806.00	1,806.00
AA0133502	Cable Required for SEB Netpath	1	48.38	48.38
	Discounted Customer Equipment Price		\$	19,632.68
	Total Equipment and Software Price		\$	19,632.68

AT&T GLOBAL SERVICES
Schedule of Charges

Implementation Services Section

Installation Services	\$	13,125.86
Implementation Services Subtotal	\$	13,125.86
Total Implementation Services Price	\$	13,125.86

Solution Pricing Summary

Total Equipment and Software Price	\$	19,632.68
Total Implementation Services Price	\$	13,125.86
Total Solution Price	\$	32,758.54
<i>Taxes, if applicable, to be invoiced on final bill.</i>		
<i>Quote valid until September 06, 2014</i>		

The proposed equipment list has been engineered
and compiled for use with or on the system with
Serial no.: **10240028**

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AT&T and Customer Confidential Information

AT&T GLOBAL SERVICES
Schedule of Charges

7/11/2014

City of Lubbock - DIR-SDD-1465

Municipal Building: CS 1000E

Equipment Code	Description	QTY	Customer Unit Price	Customer Total Price
<u>Main Equipment Section</u>				
AUS1761408				
NTE980JA	SIP Access Port License	46	97.81	4,499.26
NTHU62AG	CPDC SS (Chassis/Cabinet) R7.6	1	2,952.89	2,952.89
NTM427BEE6	CPDC Sig Srvr SW (4GB USB) 7.6	1	0.00	0.00
NTM427CEE6	CPPM Sig Srv Upg to 7.6 2GB CF	1	34.09	34.09
NTE947LL	SW Upg R7.6 (up to 1199 users)	432	32.60	14,083.20
NTM447AE	CF SW Inst Kit CPPM R7.6-NoDng	1	0.00	0.00
NTDW05AAE5	CPPM Signaling Server Hard Drive Kit - BLANK - Release 5.0	1	554.27	554.27
<u>Ancillary Equipment Section</u>				
	Discounted Customer Equipment Price		\$	22,123.71
	Total Equipment and Software Price		\$	22,123.71
<u>Implementation Services Section</u>				
	Installation Services		\$	11,756.17
	Implementation Services Subtotal		\$	11,756.17
	Total Implementation Services Price		\$	11,756.17
<u>Solution Pricing Summary</u>				
	Total Equipment and Software Price		\$	22,123.71
	Total Implementation Services Price		\$	11,756.17
	Total Solution Price		\$	33,879.88
	<i>Taxes, if applicable, to be invoiced on final bill.</i>			
	<i>Quote valid until August 30, 2014</i>			

The proposed equipment list has been engineered and
compiled for use with or on the system with Serial no.: **318832241**

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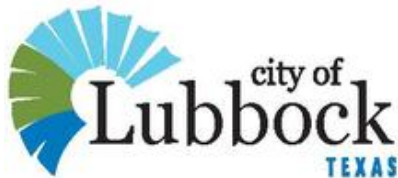
AT&T and Customer Confidential Information

<u>Site Name</u>	<u>Serial Number</u>	<u>*Total Cost excluding tax</u>
Silent Wings Museum	101241154	\$ 29,135.29
Police Academy	10102817	\$ 27,674.15
Special Operations	10240028	\$ 32,758.54
Municipal Building	318832241	\$ 33,879.88



Project Cost: \$ 123,447.86

*DIR-SDD-1465 contract pricing with no shipping charges, tax separate if any



Regular City Council Meeting

6. 8.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Cemetery: Consider a resolution authorizing the Mayor to execute contract 11950 with Ground Effects for landscape maintenance at the City of Lubbock Cemetery, ITB 14-11950-TF.

Item Summary

This contract is for landscape maintenance at the Cemetery, including mowing, edging, string trimming, and clean-up for 25 cycles. This project also provided for two items, item one and alternate one. Item 1 specified mowing and maintenance with string trimming half of the property each cycle. The opposite half of the property would be trimmed during the next cycle. Alternate one specified mowing and maintenance with string trimming the entire cemetery property for each maintenance cycle.

Bids were received from the following companies:

	Item One	Alternate One
Ground Effects of Lubbock, TX	\$ 97,375	112,850
Advanced Lawn & Landscape of Lubbock, TX	115,000	132,500
G.M. Landscaping of Wolfforth, TX	127,500	155,625
Pevey Lawn & Landscape, Inc. of Lubbock, TX	139,500	165,125
Momentum Saxet LLC of Lubbock, TX	150,000	175,000
Gorman Outdoor Inc of Shallowater, TX	156,250	212,500
Super Daves Lawns and More of Lubbock, TX	312,500	712,500

The contract is awarded by the unit price. The total amount of the award is estimated based on expected quantities, and actual expenditures may be more or less depending on actual need. The price per unit will not change.

Staff recommends the contract be awarded to Ground Effects of Lubbock, TX, for Alternate One in the amount of \$112,850. The contract is for one year, with the option of four, one-year extensions, said date of term beginning upon formal approval.

Fiscal Impact

The contract will cost \$112,850 annually, and includes string trimming of the entire Cemetery each cycle.

Staff/Board Recommending

Bill Howerton, Assistant City Manager

Attachments

Resolution & Contract - Ground Effects

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, Contract No. 11950 for landscape maintenance at the City of Lubbock Cemetery, by and between the City of Lubbock and Ground Effects, and related documents. Said Contract is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

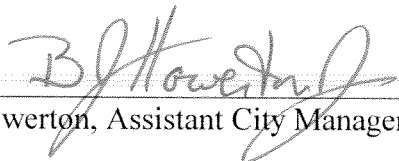
Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

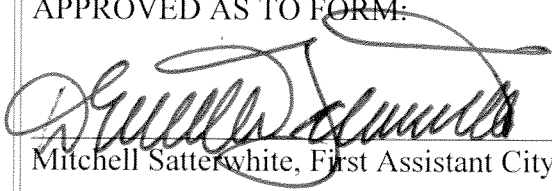
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Bill Howerton, Assistant City Manager

APPROVED AS TO FORM:



Mitchell Satterwhite, First Assistant City Attorney

vw:ccdcs/RES.Contract-Ground Effects
July 18, 2014

**City of Lubbock, TX
Contract for Services
Landscape Maintenance at the City of Lubbock Cemetery**

THIS CONTRACT made and entered into this 14th day of August, 2014, by and between the City of Lubbock ("City"), and Ground Effects, of Lubbock, TX, ("Contractor").

WITNESSETH:

WHEREAS, the City of Lubbock duly advertised for bids for Landscape Maintenance at the City of Lubbock Cemetery and bids were received and duly opened as required by law; and

WHEREAS, after careful consideration of the bid submitted by Contractor, the City authorized the execution, in the name of the City of Lubbock a contract with said Contractor covering the purchase and delivery of the said Landscape Maintenance at the City of Lubbock Cemetery.

NOW, THEREFORE, in consideration of the mutual agreement contained herein, as well as the financial consideration hereinafter referred to, the parties hereby covenant and agree as follows:

1. In accordance with City's specifications and Contractor's bid, copies of which are attached hereto and made part hereof, Contractor will deliver to the City, Landscape Maintenance at the City of Lubbock Cemetery and more specifically referred to as alternate one on the bid submitted by the Contractor or in the specifications attached hereto.
2. The City promises and agrees to employ, and does employ, the Contractor to cause to be done the work provided for in this Contract and to complete and finish the same according to the attached specifications, offer, and terms and conditions contained herein.
3. The Contractor shall perform the work according to the procedures outlined in the Bid Form and Specifications attached hereto. The contract shall be for a term of one year, with the option of four, one year extensions, said date of term beginning upon formal approval. All stated annual quantities are approximations of usage during the time period to be covered by pricing established by this bid. Actual usage may be more or less. Order quantities will be determined by actual need. The City of Lubbock does not guarantee any specific amount of compensation, volume, minimum, or maximum amount of services under this bid and resulting contract.
4. This contract shall remain in effect until the expiration date, performance of services ordered, or termination of by either party with a 30 day written notice. Such written notice must state the reason for cancellation. The City of Lubbock reserves the right to award the canceled contract to the next lowest and best bidder as it deems to be in the best interest of the city.
5. Contractor shall at all times be an independent contractor and not an agent or representative of City with regard to performance of the Services. Contractor shall not represent that it is, or hold itself out as, an agent or representative of City. In no event shall Contractor be authorized to enter into any agreement or undertaking for or on behalf of City.
6. The contractor shall obtain and maintain in full force and effect during the term of the contract, commercial general liability coverage with insurance carriers admitted to do business in the State of Texas. The insurance companies must carry a Best's Rating of A- VII or better. The policies will be written on an occurrence basis, subject to the following minimum limits of liability:

<u>TYPE</u>	<u>AMOUNT</u>
General Liability	
Commercial General Liability	\$500,000
General Aggregate	
Products-Comp/Op AGG	
Personal & Adv. Injury	
Contractual Liability	
Automotive Liability	\$500,000
Combined Single Limit	
Any Auto	

Workers Compensation Statutory Amounts

The City of Lubbock shall be named as additional insured on a primary and Non-Contributory basis on Auto/General Liability, with a waiver of subrogation in favor of the City of Lubbock on all coverages. **Copies of all endorsements are required.**

The contractor will provide a Certificate of Insurance to the City as evidence of coverage. The certificate will provide 30 days notice of cancellation, and under the cancellation section, the wording "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" will be crossed out. A copy of the additional insured endorsement attached to the policy will be included with the certificate.

The contractor shall also maintain workers compensation insurance in the statutory amount.

If at any time during the life of the contract or any extension, the contractor fails to maintain the required insurance in full force and effect, all work under the contract shall be discontinued immediately. Any failure to maintain the required insurance may be sufficient cause for the City to terminate the contract.

7. Neither the City nor the Contractor shall assign, transfer or encumber any rights, duties or interests accruing from this Contract without the written consent of the other.
8. The City reserves the right to exercise any right or remedy available to it by law, contract, equity, or otherwise, including without limitation, the right to seek any and all forms of relief in a court of competent jurisdiction. Further, the City shall not be subject to any arbitration process prior to exercising its unrestricted right to seek judicial remedy. The remedies set forth herein are cumulative and not exclusive, and may be exercised concurrently. To the extent of any conflict between this provision and another provision in, or related to, this document, this provision shall control.
9. At any time during the term of the contract, or thereafter, the City, or a duly authorized audit representative of the City or the State of Texas, at its expense and at reasonable times, reserves the right to audit Contractor's records and books relevant to all services provided to the City under this Contract. In the event such an audit by the City reveals any errors or overpayments by the City, Contractor shall refund the City the full amount of such overpayments within thirty 30 days of such audit findings, or the City, at its option, reserves the right to deduct such amounts owing the City from any payments due Contractor.

10. All funds for payment by the City under this contract are subject to the availability of an annual appropriation for this purpose by the City. In the event of non-appropriation of funds by the City Council of the City of Lubbock for the goods or services provided under the contract, the City will terminate the contract, without termination charge or other liability, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the goods or services covered by this contract is spent, whichever event occurs first. If at any time funds are not appropriated for the continuance of this contract, cancellation shall be accepted by the Seller on 30 days prior written notice, but failure to give such notice shall be of no effect and the City shall not be obligated under this contract beyond the date of termination.
11. The Contractor shall not assign or sublet the contract, or any portion of the contract, without written consent from the Director of Purchasing and Contract Management. Should consent be given, the Contractor shall insure the Subcontractor or shall provide proof on insurance from the Subcontractor that complies with all contract Insurance requirements.
12. This Contract consists of the following documents set forth herein; Invitation to Bid No. 14-11950-TF, Specifications, and the Bid Form.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written. Executed in triplicate.

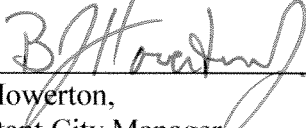
CITY OF LUBBOCK

Glen C. Robertson, Mayor

ATTEST:

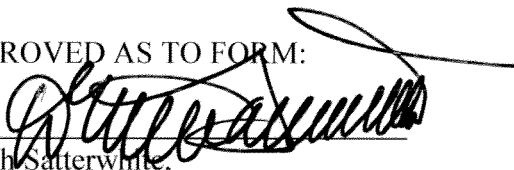
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



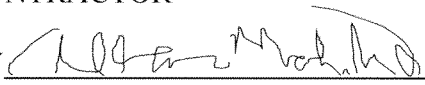
Bill Howerton,
Assistant City Manager

APPROVED AS TO FORM:



Mitch Satterwhite,
Assistant City Attorney

CONTRACTOR

BY 

Authorized Representative

Allen McIntire, Owner/Ground Effects
Print Name

PO Box 64771
Address

Lubbock, TX 79464
City, State, Zip Code

City of Lubbock, TX
ITB 14-11950-TF
Landscape Maintenance at the City of Lubbock Cemetery
Specifications

1. GENERAL

1.1 Successful Contractor must commence Work immediately upon execution of the Contract. The decision to end or suspend temporarily the maintenance season shall be made by the Owner's Representative or Agent(s). The Contractor shall be notified of the Owner's decision by letter.

1.1.1 The areas to be serviced for each site include all right of ways adjoining the site and to the centerline of all alleys adjoining the site, and extending street-ward including the curb and ending six (6) inches beyond lip of gutter. Contractor is responsible for safe and careful operation of mowing equipment around plant material and structures to prevent damage and to prevent clippings from contaminating shrub or color beds, hard surfaces, streets, playgrounds and handicap ramps. If conditions are not conducive to blowing, sweeping and picking up of maintenance debris shall be required for these areas

1.1.2 Contractor shall provide a maintenance schedule to the Cemetery within ten (10) days upon execution of the Contract and will notify the Owner's Representative or Agent(s) of any changes in the schedule prior to the schedule change.

1.2 Mowing: Mowing commencement and conclusion shall be at the discretion of the Owner's Representative or Agent(s). Mowing frequency and height shall be determined by turf growth and occur up to once per calendar week or every seven (7) days, evenly spaced between Cycles. Clippings shall not be bagged, and all hard surfaces shall be cleaned after each service. The mowers shall leave no clumps or windrows of grass. Mowing equipment shall be reel mowers or turf type full flotation rotary mowers equipped with all turf tires and shall be approved by the Owner's Representative or Agent(s). Some specialty sites such as athletic fields, athletic facilities, and municipal facilities shall be mowed on specific times and days and of the week as determined by the Owner's Representative or Agent(s). All required unit work which includes mowing, edging, trim mowing, string trimming, and sweeping shall be 100% complete before commencing to another mowing site. Alternate mowing patterns are required every cycle to avoid turf damage.

1.2.1 TENTATIVE MAINTENANCE FREQUENCIES:

January	0	July	4
February	0	August	5
March	1	September	4
April	2	October	1
May	4	November	0
June	4	December	0

1.3 Edging: All sidewalks, curbed plant material beds, and game courts shall be edged to a depth of one inch and all non curbed plant beds shall be edged to a depth necessary to achieve appropriate results. All edging shall be performed concurrently with mowing at each site. String trimmers or curb dressers may not be used for edging. Six (6) to eight (8) inch wide optional chemical edging only on chain link fence lines with turf on either side of the fence is permitted on Class B Parks. All jogging tracks shall be edged concurrently with mowing operations. Optional spraying of one (1) foot away from the tree(s) main trunk is also permitted to eliminate tree bark damage.

- 1.3.1 Street curb and drainage channel edging shall be accomplished weekly and all debris from this activity shall be removed the same day that the task is performed. Curb dressers may be used for this task.

1.4 Trimming: All string trimming must be done to achieve a height uniform with the mowing height. Maintenance of drains and exposed playa lake shorelines due to evaporation or receding of the lake shall be the Contractor's responsibility. Trimming must be performed around trees, plant beds, buildings, playground equipment, signs, fences, and any other plants or structures. All play surfaces, sidewalks, hard surfaces, streets, street medians, playground sidewalks, parking areas, parking lots and drainage channels must be kept free of grass, weeds and debris. This task must be completed the same day the mowing is performed.

2. CEMETERY MAINTENANCE STANDARDS

2.1 Class B parkland maintenance standards apply to the City Cemetery except for the specific standards outlined in this section (Section 2.0). To the extent of any conflict, the provisions of this Section 2 shall control.

- 2.1.2 Mowing, edging, and trimming of Cemetery property shall be performed during a concurrent four-day time period (or less), unless the Cemetery Supervisor or his Agent approves a schedule change.
- 2.1.3 Cemetery mowing contract will consist of 25 maintenance Cycles. Mowing, edging, and trimming of Cemetery property shall be performed between 8:00 a.m. and 5:00 p.m. weekdays during a concurrent maximum four-day time period. Maintenance will not be performed on City holidays or weekends. Contractor requests for exceptions to this schedule must be made in writing by Contractor and approved by the Owner's Representative or Agent(s).
- 2.1.4 The areas of the Cemetery property to be serviced includes all rights of way adjoining the site and to the centerline of all alleys adjoining the property and extending a minimum of six (6) inches from the lip of the gutter of all streets with curb and gutter.
- 2.1.5 Contractor is responsible for safe and careful operation of mowing equipment around headstones, footstones, memorials, monuments, cemetery markers, facilities, funeral set-ups, trees, shrubs, utilities, all public art, and the irrigation system.
- 2.1.6 Contractor is responsible for preventing clippings from contaminating plant beds or providing an unsightly appearance, especially around the Cemetery Office.
- 2.1.7 It is the Contractor's responsibility to report any damage to the Owner's Representative or Agent(s) as soon as possible, but not exceeding twenty-four (24) hours from the time the damage occurred.
- 2.1.8 If damage occurs as a result of Contractor's actions, the Contractor shall be held responsible to repair or replace the damaged property at Contractor's own expense and to the approval of the Owner's Representative or Agent(s). Time required to repair damaged property shall be expedient and to the approval of the Owner's Representative or Agent(s). If the damage is not repaired in the agreed upon time period, the City may after forty-eight (48) hours notice from the Owner's Representative, proceed to repair the damage. The Contractor shall be held financially responsible for the repair work and the cost shall be deducted from the Contractor's payment.

- 2.1.9 Contractor will designate and make the Owner's Representative or Agent(s) aware of the Contractor's designated representative (crew supervisor). The Contractor's designated representative (crew supervisor) will be on the property during maintenance operations. Owner's Representative or Agent(s) must be able to access and contact the Contractor's designated representative (crew supervisor) during Contractor's maintenance operations.

2.2 Mowing:

- 2.2.1 Mowing commencement and conclusion shall be at the discretion of the Cemetery Supervisor or his Agent.
- 2.2.2 Mowing height shall be determined by turf growth, but may be adjusted as necessary at the discretion of the Cemetery Supervisor. Height shall be adjusted for final freeze cut at the discretion of the Cemetery Supervisor or his Agent.
- 2.2.3 Clippings shall not be bagged and all hard surfaces shall be cleaned after each Cycle. Mowers shall leave no clumps or windrows of grass.
- 2.2.4 Mowing equipment shall be reel mowers or turf type full flotation rotary mowers and shall be approved by the Cemetery Supervisor or his Agent.
- 2.2.5 Turf within a 25 foot perimeter adjacent to the Cemetery Office Building and the entire turf perimeter of the Mausoleum Building must be mowed with a push mower.
- 2.2.6 Hard surfaces, sidewalks, and areas around the Cemetery Office and the mausoleum shall be cleaned with a broom or leaf-blower after each cycle.

2.3 Edging:

- 2.3.1 Cremation garden, Cemetery Office Building, the Mausoleum, sidewalks, and curbed plant material beds shall be edged to a depth of one inch.
- 2.3.2 All edging shall be performed concurrently with mowing on Cemetery property.
- 2.3.3 Contractor will use a "stick edger" or similar equipment per the Owner's Representative or Agent(s)' approval. String trimmer or curb dressing may not be used for these tasks. Chemical edging is not permitted.
- 2.3.4 Street curb edging shall be accomplished concurrently with mowing operations and all debris from this activity shall be removed the same day that the task is performed. Curb dressers may not be used for this task.

2.4 Trimming:

- 2.4.1 All string trimming must be done to achieve a height uniform with the mowing height.
- 2.4.2 Trimming must be performed around monuments (both flat and upright), plaques, trees, plant beds, buildings, signs, fences, adjoining alleys, and any other plants or structures. All hard surfaces, sidewalks, streets and parking areas must be kept free of grass, weeds and debris. This task must be completed the same day as the mowing is performed.
- 2.4.3 Except as provided herein, Contractor will string trim half of the Cemetery property each Cycle. The opposite half of the property shall be trimmed during the next mowing

Cycle. The halfway point of the Cemetery shall be Euonymus Road creating east and west halves. The entire Cemetery property shall be trimmed on the initial Cycle of the spring growing season, as well as the week prior to the following occurrences: Easter Sunday, Memorial Day, Mother's Day, Father's Day, July 4th, Labor Day and the final freeze cut of the mowing season.

- 2.4.4 Contractor will string trim the Cemetery Office and the areas between the office and the bordering monuments each mowing Cycle. Contractor will string trim the entire Cremation Garden area each mowing Cycle. Contractor will string trim the entire Mausoleum area. Contractor will string trim the entire area of Block 47 Baby Land each mowing Cycle.

2.5 Control of Work:

- 2.5.1 Funeral Services and Funeral Processions: The Contractor shall schedule and perform Work to enhance public use, ensure the safety of visitors to the Cemetery, and to restrict conflict, interference, or inconveniencing funeral services or funeral processions on the Cemetery property. Upon request, the Cemetery will provide the Contractor with the locations and times of pending funeral services 24 hours in advance of their occurrence.
- 2.5.2 Citizen Contact: The Contractor is granted the privilege of doing work on Cemetery property, but does not have exclusive use of the property. The Contractor shall take all precautions that his maintenance activities do not disturb funeral services or those visiting the Cemetery. Citizen contact with those involved with funeral services as well as with visitors to the Cemetery requires sensitivity and understanding. Contractor employees and agents should be aware of the location of the Cemetery office, and should politely instruct all citizens to direct inquiries there. Contractor employees should be aware of the Cemetery Office location.
- 2.5.3 Cemetery maintenance shop has restroom facilities for Contractor's employees' use. Restroom facilities at the Cemetery Business Office will not be used by Contractor's employees.
- 2.5.4 Contractor's employees will properly dispose of their beverage containers in a trashcan or dumpster. Contractor's employees will not dispose of their beverage containers on the Cemetery property. The Cemetery will not provide water for Contractor's employees.
- 2.5.5 Any litter, such as, but not limited to shredded real or artificial flowers, Styrofoam ornaments, or other grave adornments, created by the Contractor in the maintenance of the Cemetery property shall be picked-up and disposed of properly and to the satisfaction of the Owner's Representative or Agent(s).
- 2.2.6 **Additive Option:** Contractor will string trim the entire Cemetery property for each cycle

3. ADDITIONAL TERMS AND CONDITIONS

- 3.1 **Work:** It is the intent for the Contractor to provide for completion in every detail the work described herein. The Contractor shall provide all labor, tools, transportation, materials, and equipment necessary to complete the work in accordance with specifications provided and terms of the contract. The attached "Overton Park Right of Way Maintenance Map" indicates the completed landscaped areas and the landscaped areas to be completed in the future. Bidders are to provide unit pricing that will be applied to landscaped areas as they are completed and accepted for maintenance.
- 3.2 **Specification Change:** During the term of the Contract, the City may change maintenance frequencies, thereby increasing or decreasing maintenance frequencies. Unit pricing will be used to determine cost adjustments. All changes shall be in writing.
- 3.3 **Changed Condition:** If the Contractor finds latent conditions which differ from those outlined in the contract or specifications which differ from customary work, and which the Contractor could not have discovered during the investigation of the site prior to the bid, and in which such condition increased the expense to the Contractor, immediate written notice shall be promptly mailed to the Owner's Representative. The Contractor shall afford the City the opportunity to inspect the same. After inspection by the City, the Contractor shall not delay work pending a decision to be made by the City regarding the claim. Failure of the Contractor to give prompt written notice and afford the City the opportunity to inspect the condition, before it is disturbed, shall be deemed a waiver by the Contractor of all claims and extra compensation arising out of the alleged condition. If the City determines that the Contractor is entitled to extra compensation by reason of increased expense to the Contractor and caused by the condition, and finds that the condition requires work not covered in the contract, a change order may be executed for additional compensation which shall be agreed upon by all parties involved. Additional time may be granted if the City deems additional time is necessary to accomplish the job. No change order or combination of change orders shall exceed twenty-five percent (25%) of the total contract.
- 3.4 **Clean-up:** As specified in the Maintenance Standards Specifications, all work shall be cleaned up and waste materials removed from the site. No equipment shall be left at maintenance sites and all material removed from the job shall be at the Contractor's expense. If materials or waste are not removed from the site, written notification from the Agent shall be delivered to the Contractor. The Contractor shall have forty-eight (48) hours to remove the material in question. If the material in question is not removed in the forty-eight (48) hour period, the City shall remove the material and the Contractor shall be charged for the expense. Payment to the city for said expenses shall be deducted for the Contractor's payment. If such conditions continue, the contract may be terminated due to breach of contract.
- 3.5 **Preservation and Restoration of Property:** The Contractor is responsible for the preservation of all City owned and adjacent property owner lands exposed which the Contractor may come into contact with. The Contractor shall use every precaution necessary to prevent damage to trees, shrubs, above and below ground structures, utilities and any other form of property. Should damage occur, it is the Contractor's responsibility to report the damage to the Owner's Representative or his Agent as soon as possible but not exceeding twenty-four (24) hours from the time damage occurred. If damage occurs as a result of Contractor's actions, the Contractor shall be held responsible to repair or replace the damaged property at their own expense. Time required to repair damaged property shall be expedient and to the approval of the Owner's Representative or his Agent. If the damage is not repaired in the agreed upon time period, the City may after forty-eight (48) hours notice from the Owner's Representative or his Agent, proceed to repair the damage. The Contractor shall be held financially responsible for the repair work and the cost shall be deducted from the Contractor's payment.

- 3.6 Equipment: The Contractor shall provide everything necessary to fulfill the requirements of this contract. All equipment shall meet all applicable Federal, State and Local laws and regulations. Contractor's equipment is subject to inspection and approval of the Owner's Representative or his Agent. All manufacturers' safety features must be operational, in good repair and in proper positions during operation. All equipment shall be professional grounds maintenance quality and in good condition throughout the course of the contract. If the Owner's Representative or his Agent deems the equipment faulty or if the equipment is damaging the turf or other surfacing materials in anyway, the Contractor shall remove the equipment from the premises. Contractor shall not impede other grounds maintenance operations during the course of those maintenance operations.
- 3.7 Service Boundaries: The service area may be bounded by hard surfacing materials, sidewalks, or non-curbed turf areas. The successful bidder shall be responsible for all areas defined by turf or hard surfacing. However, the successful bidder is not responsible for edging of un-curbed turf. Although the mowing contractors are required to operate mowing equipment in a manner that directs the clippings away from plant beds, the nature of mowing equipment will at times allow some clipping debris to drop into planting areas. Clipping debris in the beds or grass plants that become established are the responsibility of the successful flower and shrub bed contractor and shall be removed as a part of the ongoing maintenance of the bed areas.
- 3.8 Termination of Contract: This contract shall remain in effect until the expiration date for performance of services ordered. Termination of either party requires a thirty (30) day written notice prior to any cancellation. Such written notice must state the reason for cancellation. The City of Lubbock reserves the right to award the canceled contract to the next highest ranking contractor.

4. CONTROL OF WORK

- 4.1 Authority of the Owner's Representative: It is understood by all parties that the work is to be done to the satisfaction of the Owner's Representative or his authorized agent(s). The Owner's Representative shall interpret all specifications, and shall determine the acceptability of all work. The Owner's Representative shall decide the classification, quality, and amount of all work done and shall determine the amounts to be paid under the contract. The Owner's Representative shall be the sole administrator of claims and his decision shall be final, conclusive and binding on all parties.
- 4.2 Authority of the Agent: The Owner's Representative may appoint an Agent or Agents to serve as an inspector. The Agent(s) shall be allowed to inspect all work at any time. The Agent shall not be allowed to alter, revise, add, or delete anything from the contract or specifications. An Agent's duty shall include keeping the Owner's Representative notified as to the progress of the job and the procedures involved in completing the job. The Agent shall call to the attention of the Owner's Representative and the Contractor any deviation of contract or specifications, but failure of the Agent or of the Owner's Representative to call to the attention of the Contractor any deviation of the contract or specifications shall not constitute acceptance of said work. The Agent shall have the authority to suspend any work pending a decision by the Owner's Representative.
- 4.3 Extra Work: Extra work being done by the Contractor without authorization through change orders, or work which is not shown on the contract or specifications, shall be considered as unauthorized work; and if performed shall be at the risk of the Contractor. The Owner's Representative reserves all rights to refuse payment for such work.
- 4.4 Unauthorized Work: All work and/or materials which do not conform to the contract and specifications, and work done contrary to written instructions of the Agent or Owner's Representative shall be done at the expense of the Contractor. The Contractor may be ordered

to remove or remedy such work at its own expense. If Contractor damages adjacent property, the Contractor shall remedy such property at its own expense.

- 4.5 Final Inspection: Final Inspection of the site shall take place by the Owner's Representative or his appointed Agent as soon as possible after the completion of the project. If the project is completed in cycles, the project shall be inspected after each cycle by the Agent. The Contractor shall be allowed to be present at the examination. If the inspection reveals any defective work, the Owner's Representative or his Agent may require the work to be remedied before final acceptance is granted. All said remedies shall be at the expense of the Contractor.
- 4.6 Laws and Regulations: The Contractor and any subcontractor(s) shall at all times comply with all local, county, state and federal laws. The Contractor and his subcontractor shall abide by all Labor Laws observed by the State of Texas. The Contractor shall comply with all Federal, State and Local Environmental Protection Laws, and regulations. The Contractor shall comply with all applicable Federal, State and local laws and regulations regarding pollution of rivers, lakes, streams and other waters. The Contractor shall store, handle, use and dispose of chemicals, fuels, oils, greases and other materials in a manner that prevents them from entering surface or ground waters. Upon receipt of notice of noncompliance of environmental protection provisions, the Contractor shall take immediate corrective action at the Contractor's expense. If the Contractor fails or refuses to immediately take corrective action, the City may issue an order stopping all or part of the work until satisfactory corrective action has been taken.
- 4.6.1 Prior to any application of chemicals, the Contractor shall request, in writing, approval from the Owner's Representative or his Agent. The request shall include the target pest and the type of chemical(s) to be used. If permission is granted, all applications shall be performed through a Licensed Applicator, licensed by the Texas Structural Pest Control Board. Upon completion of the operation, the Contractor shall provide to the Owner's Representative or his Agent, a copy of the Pesticide Application Documentation that the Contractor records pursuant to the requirements of the Structural Pest Control Board.
- 4.7 Advertising: Contractor shall not advertise or publish, without City's prior consent, the fact that the City has entered into this contract, except to the extent necessary to comply with proper request for information from an authorized representative or the Federal, State or Local Government.
- 4.8 Special Events: The Contractor shall schedule work to enhance public use and restrict conflict with scheduled events. Special event schedules will be submitted to the Contractor by the Owner's Representative or his Agent to arrange for maintenance schedule adjustments as may be required. The Owner's Representative or his Agent will attempt to notify the contractor forty-eight hours prior to an event that requires flower or shrub bed maintenance schedule adjustments.
- 4.9 Citizen Contact: The Contractor is granted the privilege of doing work on City owned property, but does not have exclusive use of the property and must respect the activities of patrons while doing work on City owned property. The Contractor shall take all precautions necessary to insure that adjacent property owners are not disturbed. Should a Contractor's worker be contacted by a citizen visiting the property they are maintaining, proper assistance shall be given to the citizen. Should the worker not know the answer to the citizen's question, the worker should know whom to refer the citizen to. The City shall provide a list of City representatives and phone numbers for various City functions. The Contractor shall provide employees with this information and insure that each crew has this information available.
- 4.10 Identification and Character: Contractor's vehicles shall be marked with the contractor's company name, on both sides and in lettering that is a minimum of two inches tall and of an easily read typeface. In lieu of lettering, Contractors may submit easily recognizable Company Logos for approval by the Parks Department. All employees of the Contractor shall have a

name badge for identification, either clip on or incorporated with a uniform. This identification shall be worn at all times that the employee is at the job site. The Contractor shall provide uniforms of a different color than City employee uniforms. Uniforms may not be torn or ragged and shall present a professional appearance. Additionally, the Contractor will at all times require employees to remain fully dressed and will not allow employees to wear unbuttoned clothing while on City property.

4.10.1 The Contractor shall prohibit the use of intoxicating substances by its drivers and crewmembers while on duty or in the course of performing their duties under this Contract.

4.10.2 Employees driving the Contractor's vehicles shall at all times possess and carry a valid State of Texas Drivers License appropriate for the weight and type of vehicle being driven. Contractors are specifically required to ensure that a Texas Commercial Drivers License is obtained where applicable for the type(s) of vehicles in use.

4.10.3 The Contractor's employees, officers, agents and Subcontractors shall, at no time, be allowed to identify themselves or in any way represent themselves as being employees of the City of Lubbock.

4.11 Safety: The Contractor is responsible for maintaining a safety program that insures compliance with all current requirements of the Federal Occupational Safety and Health Act of 1970. The Contractor is responsible for safety on the project site and the City shall take no action to interfere with the Contractor's safety program. Failure to maintain compliance with this act shall be grounds for termination of the contract.

5. CONTRACT TERM

5.1 The contract shall be for a term of one year, with the option of four, one year extensions, said date of term beginning upon formal approval. All stated annual quantities are approximations of usage during the time period to be covered by pricing established by this bid. Actual usage may be more or less. Order quantities will be determined by actual need. The City of Lubbock does not guarantee any specific amount of compensation, volume, minimum, or maximum amount of services under this bid and resulting contract.

6. PROSECUTION AND PROGRESS OF WORK

6.1 Weather: Weather will affect the progress of grounds maintenance at times and contractor shall recognize this and have a plan of action and/or resources available to proceed in an expedient manner. Should weather conditions alter schedules, the Contractor shall notify the Agent at the beginning of the next workday. It is the Contractor's responsibility to provide quality workmanship. If weather conditions prevent such quality, the Contractor shall suspend work and resume work as soon as weather allows. If the Agent or Owner's Representative finds that weather conditions are inappropriate for maintaining high quality work, they may notify the Contractor and suspend work. The suspension of work by the Agent or Owner's Representative shall not in any way allow the Contractor to find grounds for adjustments in contract time or provide for extra compensation.

6.2 Character of Work: All workers, supervisors, managers, and subcontractor(s) employed by the Contractor shall be competent and careful workers skilled in their respective trades. The Owner's Representative or his Agent may remove from the work site any person employed by the Contractor who does not represent the City in a professional manner or does not follow the instructions given to him. If any person misconducts their self, is incompetent, or negligent in the performance of their duties, they may be removed from the work site and shall not return until the Contractor receives written consent from the City's Representative. Should the

Contractor continue to employ such individual to continue work under this contract, the City reserves the right to withhold payment and/or nullify the contract.

- 6.3 Assigning or Subletting the Contract: The Contractor shall not assign or sublet the contract, or any portion of the contract, without written consent from the Director of Purchasing and Contract Management. Should consent be given, the Contractor shall insure the Subcontractor or shall provide proof on insurance from the Subcontractor that complies with all contract insurance requirements.
- 6.4 Payment: The Contractor shall receive compensation for services provided for in the contract on a monthly basis. Upon the end of each month during the period from April through October of each year during the contract period; the contractor shall submit an invoice for the "seasonal" monthly rate; and upon the end of each month during the period from November through March, the contractor shall submit an invoice for the "off-season" monthly rate according to the price sheet submitted by Contractor during the bidding process. The monthly invoices shall be itemized by tract. Any Extra Work authorized and completed during the month shall be shown on the same monthly invoice and identified as "Extra Work." Extra Work billing should designate hourly labor cost, parts/materials costs and a description of the work performed.

7. PAYMENT WITHHELD

- 7.1 In addition to express provisions elsewhere contained in the contract, the Owner or Owner's Representative may withhold from any payment otherwise due the Contractor such amount as determined necessary to protect the Owner's interest, or, if it so elects, may withhold or retain all or a portion of any progress payment or refund payment on account of
 - 7.1.1 Unsatisfactory progress of the Work not caused by condition beyond the Contractor's control;
 - 7.1.2 Defective Work not corrected;
 - 7.1.3 Contractor's failures to carry out instructions or orders of the City or his (its) representatives;
 - 7.1.4 A reasonable doubt that the contract can be completed for the balance then unpaid;
 - 7.1.5 Execution of Work not in accordance with the contract documents;
 - 7.1.6 Claim filed by or against the Contractor or reasonable evidence indicating probable filing of claims;
 - 7.1.7 Failure of the Contractor to make payments to subcontractor for material or labor;
 - 7.1.8 Damage to another Contractor;
 - 7.1.9 Unsafe working conditions allowed persisting by the Contractor;
 - 7.1.10 Failure of the Contractor to provide work schedules as required by the City;
 - 7.1.11 Use of subcontractors without City's approval.
- 7.2 When the above grounds are removed, payment shall be made for amounts withheld because of them, and City shall never be liable for interest on any delayed or late payment.

8. CONTRACTOR DEFAULT OWNER'S RIGHT TO SUSPEND WORK AND ANNUAL CONTRACT

8.1 The Work or any portion of the Work under contract shall be suspended immediately on written order of the Owner declaring the Contractor to be in default. The contract may be annulled by the Owner for any good cause or causes, among others of which special reference is made to the following:

- 8.1.1 Failure of the Contractor to start Work within ten (10) days from date specified in the written Work order issued by the City to begin the Work;
- 8.1.2 Substantial evidences that the progress of the Work being made by the Contractor is insufficient to complete the Work within the specified working time;
- 8.1.3 Failure of the Contractor to provide sufficient and proper equipment, materials or construction forces or properly executing the Work;
- 8.1.4 Substantial evidence that the Contractor has abandoned the Work or discontinuance of the performance of the Work or any part thereof and failure to resume performance within a reasonable time after notice to do so;
- 8.1.5 Substantial evidences that the Contractor has become insolvent or bankrupt, or otherwise financially unable to carry on the Work;
- 8.1.6 Deliberate failure on the part of the Contractor to observe any requirements of these Specifications or to comply with any orders given by the City as provided for in these Specifications;
- 8.1.7 Failure of the Contractor to promptly make good any defects in the Work, the correction of which has been directed in writing by the City;
- 8.1.8 Substantial evidence of collusion for the purpose of illegally procuring a contract or perpetrating fraud on the City in the construction of Work under contract;
- 8.1.9 Repeated violations of safe working procedures;

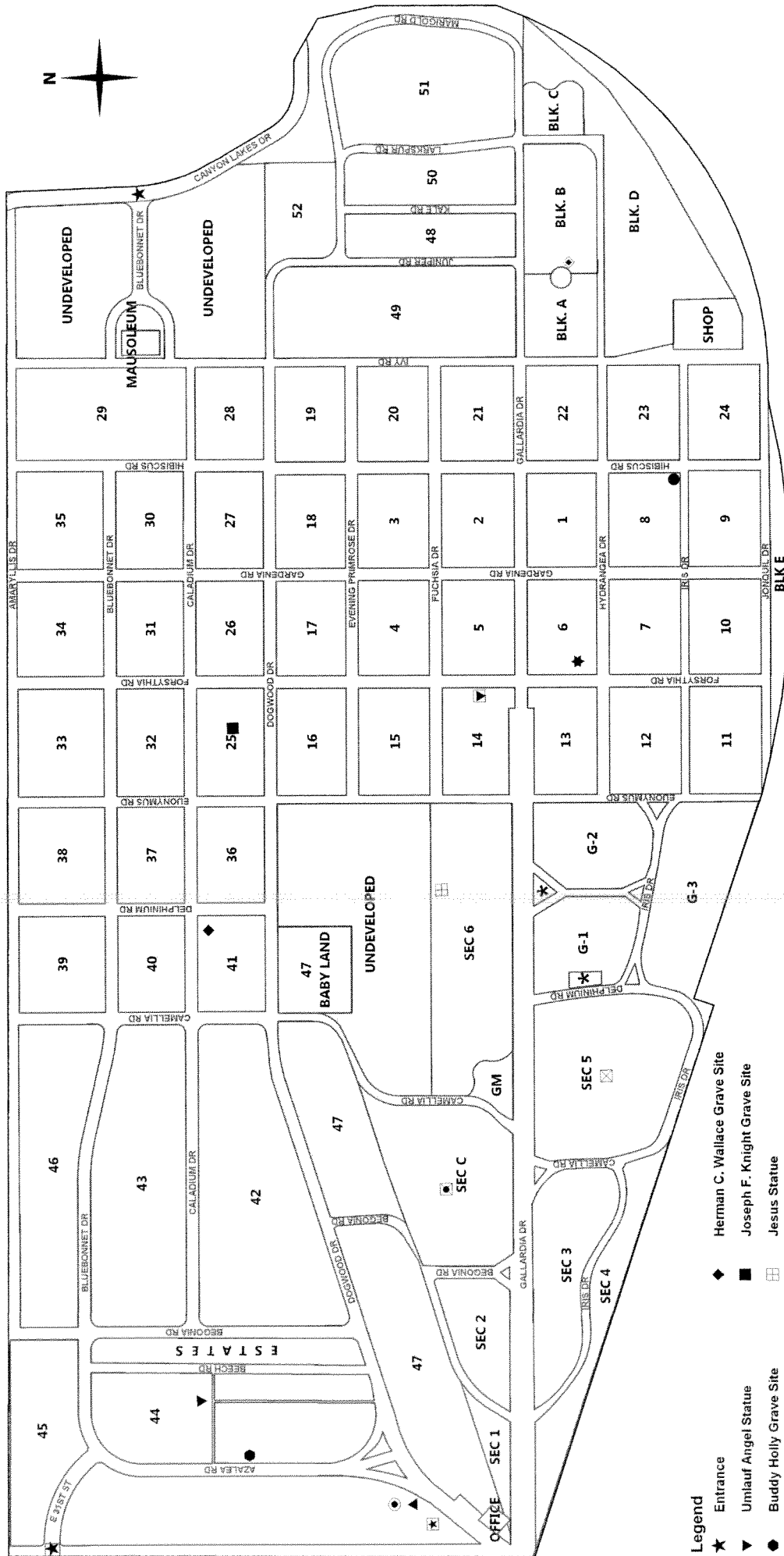
8.2 When the Work is suspended for any of the causes itemized above, or for any other cause or causes, the Contractor shall discontinue the Work or such part thereof as the City designates.

9. FINAL INSPECTION

9.1 Final Inspection of the site shall take place by the Owner's Representative or Agent(s) as soon as possible after the completion of the Unit(s). If the project (s) is completed in Cycles, the project (s) shall be inspected after each Unit(s) by the Agent(s). The Contractor shall be allowed to be present at the examination. If the inspection reveals any defective Work, the Owner's Representative or Agent(s) may require the Call Back Work to be remedied before final acceptance is granted. All said remedies shall be at the expense of the Contractor.

10. A map of the City of Lubbock Cemetery is attached.

CITY OF LUBBOCK CEMETERY



- Legend**
- ★ Entrance
 - ▼ Uniauf Angel Statue
 - Buddy Holly Grave Site
 - George Andrew Davis Jr. Memorial
 - ▲ Confederate Monument
 - ★ Congressional Medal of Honor Memorial
 - Masonic Monument
 - Bible Monument
 - ◆ Herman C. Wallace Grave Site
 - Joseph F. Knight Grave Site
 - Jesus Statue
 - ▼ Paul W. Horn Grave Site
 - ★ Cremation Garden
 - ★ Bess Hubbard Statue
 - Cowboy Jenkins Grave Site
 - Vivian T. Cooke Babyland/Golden Day Statue

This map is a general guide to the location of blocks, sections, lots, rows, and graves spaces at the City of Lubbock Cemetery. This map is only intended to assist visitors in locating loved ones referred at the City Cemetery.

P.O. BOX 2000 - 2011 E. 31st ST
Lubbock, Texas 79457
Phone # (806)767-2270 - Fax # (806)762-2867
<http://cemetery.ci.lubbock.tx.us/>



As assumed by SECTION 1, CHAPTER 205, SUBCHAPTER D, GOV. CODE, AN ACT TO PROVIDE FOR THE LOCATION OF GRAVES AND MONUMENTS IN THE CITY OF LUBBOCK, TEXAS. THE CITY OF LUBBOCK hereby provides notice that the data on this map was created by the City of Lubbock and is not intended to be used for any purpose other than for general information. The City of Lubbock and its employees are not liable for any damages, including attorney's fees, resulting from the use of this map. It is the policy of the City of Lubbock to maintain accurate records of the location of graves and monuments. It is the policy of the City of Lubbock to maintain accurate records of the location of graves and monuments.

REVISED
BID FORM
Landscape Maintenance at the City of Lubbock Cemetery
City of Lubbock, TX
ITB 14-11950-TF

In compliance with the **Invitation to Bid 14-11950-TF**, the undersigned Bidder having examined the Invitation to Bid and Specifications, and being familiar with the conditions to be met, hereby submits the following Bid for furnishing the material, equipment, labor and everything necessary for providing the items listed below and agrees to deliver said items at the locations and for the prices set forth on this form. A bid will be subject to being considered irregular and may be rejected if it shows omissions, **alterations of form**, conditional alternate bids, additions or alternates in lieu of the items specified, if the unit prices are obviously unbalanced (either in excess of or below reasonably expected values), or irregularities of any kind. The Invitation to Bid **14-11950-TF** is by reference incorporated in this contract. The Bid Form **must be completed** in blue or black ink or by typewriter.

Base Bid:

ITEM	QTY (+/-)	UNIT OF MEASURE	DESCRIPTION	*UNIT PRICE BID	EXTENDED COST
1.	25	Maintenance Cycle	City of Lubbock Cemetery, 2011 East 31 st Street, approximately 160 acres, mowing/maintenance with string trimming half of the property each cycle. The opposite half of the property shall be trimmed during the next cycle, as specified herein.	\$ 3,895.00	\$ 97,375.00
Total Cost					\$ 97,375.00
ITEM	QTY (+/-)	UNIT OF MEASURE	DESCRIPTION	*UNIT PRICE BID	EXTENDED COST
Alternate 1	25	Maintenance Cycle	City of Lubbock Cemetery, 2011 East 31 st Street, approximately 160 acres, mowing/maintenance with string trimming the entire cemetery property for each cycle, as specified herein.	\$ 4,514.00	\$ 112,850.00
Total Cost					\$ 112,850.00

***PRICE: F.O.B. Destination, Freight Pre-Paid and Allowed**

Unless otherwise specified herein, the City may award the bid either item-by-item or on an all-or-none basis for any item or group of items shown on the bid.

The City of Lubbock is seeking a contract for Landscape Maintenance at the City of Lubbock Cemetery with one or more contractors. In order to assure adequate coverage, the City may make multiple awards, selecting multiple vendors to provide the products desired, if multiple awards are in the best interest of the City. A decision to make a multiple award of this Bid, however, is an option reserved by the City, based on the needs of the City.

PAYMENT TERMS AND DISCOUNTS - Bidder offers a prompt payment discount of _____%, net __ calendar days. Discounts will not be considered in determining low bid. Unless otherwise indicated on the Bid Form, payment terms will be NET THIRTY DAYS. The City will pay the successful bidder within thirty days after the receipt of a correct invoice or after the date of acceptance, whichever event occurs later. Discounts for prompt payment requiring payment by the City within a stipulated number of days will be interpreted as applying within the stipulated number of calendar days after the date of receipt by the City of a correct invoice or after the date of acceptance that meets contract requirements, whichever event occurs later. Discounts for payment in less than ten days will not be considered.

REVISÉD

MOST FAVOURED PRICING: The Bidder certifies that the price quoted is not in excess of the lowest price charged anyone else, including its most favoured customer, for like quality and quantity of the products/services; does not include an element of profit on the sale in excess of that normally obtained by the Bidder on the sale of products/services of like quality and quantity; and does not include any provision for discounts to selling agents. If at any time during the contract period, the supplier should sell or offer for sale to any other customer, an equal or less quantity of similar contract products of like or better quality, at a lower net price(s) than provided herein, supplier agrees to notify the City and sell same product(s) at the lower price(s) on all deliveries made during the period in which such lower price(s) is effective.

INTERLOCAL PURCHASING (optional): The City desires to make available to other local governmental entities of the State of Texas, by mutual agreement with the successful bidder, and properly authorized interlocal purchasing agreements as provided for by the Interlocal Cooperation Act (Chapter 791, Government Code), the right to purchase the same services, at the prices quoted, for the period of this contract. Each bidder shall indicate on the Bid Form in the space provided below if he/she will honor Political Subdivision orders in addition to orders from the City of Lubbock. Should these other governmental entities decide to participate in this contract, would you (the bidder) agree that all terms, conditions, specifications, and pricing would apply?

Other governmental entities that might have interests in this contract are Frenship Independent School District, Lubbock Housing Authority, Lubbock County, Lubbock County Hospital District, Lubbock Independent School District, South Plains Association of Governments, City of Texarkana, Texas Tech University, West Texas Municipal Power Agency, Lynn County, and City of Wolfforth.

YES X NO

- If you (the bidder) checked YES, the following will apply:
- Governmental entities utilizing Interlocal Agreements for Cooperative Purchasing with the City of Lubbock will be eligible, but not obligated, to purchase materials/services under the contract(s) awarded as a result of this solicitation. All purchases by governmental entities other than the City of Lubbock will be billed directly to that governmental entity and paid by that governmental entity. City of Lubbock will not be responsible for another governmental entity's debts. Each governmental entity will order their own materials/service as needed.

THIS BID IS SUBMITTED BY Ground Effects a corporation organized under the laws of the State of Texas, or a partnership consisting of _____ or individual trading as Ground Effects of the City of Lubbock, TX

Firm: Ground Effects

Address: PO Box 64771

City: Lubbock State: Texas Zip: 79464

Bidder acknowledges receipt of the following addenda:

Addenda No. 1 Addenda No. _____ Addenda No. _____ Addenda No. _____
Date 07/08/2014 Date _____ Date _____ Date _____

M/WBE Firm:	Woman	Black American	Native American
	Hispanic American	Asian Pacific American	Other (Specify)

By  Date: 07/14/2014
Authorized Representative - must sign by hand

Officer Name and Title: Allen McIntire, Owner

Please Print
Business Telephone Number (806)470-0057 FAX: (806)368-3179

E-mail Address: groundeffectslubbock@yahoo.com

REVISED

FOR CITY USE ONLY

Bid Form Item Number(s) Awarded to Above Named Firm/Individual: _____

Date of Award by City Council (*for bids over \$50,000*): _____ Date P.O./Contract Issued: _____

RETURN COMPLETED & SIGNED BID FORM ALONG WITH CITY OF LUBBOCK SPECIFICATIONS.

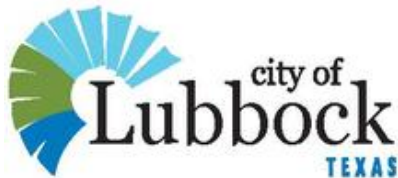
LABEL THE OUTSIDE OF YOUR SEALED BID WITH THE ITB NUMBER, THE CLOSING DATE AND TIME, AND YOUR COMPANY NAME AND ADDRESS.

City of Lubbock, TX
Cemetery
Bid Tabulation
August 14, 2014

ITB 14-11950-TF

Landscape Maintenance at Cemetery

Item	Qty	U/M	Description/Vendor	Location	Unit Cost	Extended Cost
1	25	EA	Mowing/maintenance with string trimming half of the property per cycle			
			Ground Effects	Lubbock, TX	\$ 3,895	97,375
			Advanced Lawn & Landscape	Lubbock, TX	4,600	115,000
			G.M. Landscaping	Wolfforth, TX	5,100	127,500
			Pevey Lawn & Landscape, Inc.	Lubbock, TX	5,580	139,500
			Momentum Saxet LLC	Lubbock, TX	6,000	150,000
			Gorman Outdoor, Inc.	Shallowater, TX	6,250	156,250
			Super Dave's Lawns and More	Lubbock, TX	12,500	312,500
Alternate						
1	25	EA	Mowing/maintenance with string trimming the entire cemetery property per cycle			
			Ground Effects	Lubbock, TX	\$ 4,514	112,850
			Advanced Lawn & Landscape	Lubbock, TX	5,300	132,500
			G.M. Landscaping	Wolfforth, TX	6,225	155,625
			Pevey Lawn & Landscape, Inc.	Lubbock, TX	6,605	165,125
			Momentum Saxet LLC	Lubbock, TX	7,000	175,000
			Gorman Outdoor, Inc.	Shallowater, TX	8,500	212,500
			Super Dave's Lawns and More	Lubbock, TX	28,500	712,500



Regular City Council Meeting

6. 9.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Community Development: Consider a resolution approving the City of Lubbock 2014-18 Consolidated Plan (ConPlan) and 2014-15 Action Plan to be submitted to the U.S. Department of Housing and Urban Development (HUD).

Item Summary

HUD requires the City of Lubbock to submit a Consolidated Plan that will outline the community's future needs, and the department's plans to address those needs. Lubbock citizens participated in this process through neighborhood association meetings, the activities of the CDSB, focus groups and on-line survey and needs assessments. At the regularly scheduled CDSB meeting on February 12, 2014 the board discussed and voted on new Target Areas for the new consolidated plan. The CDSB also received and discussed information on the new consolidated plan priorities and needs. The CDSB made their recommendations through the funding process and made funding recommendations to the City Council.

The City Council held a public hearing on July 24, 2014, for consideration of the five year consolidated plan and the one year action plan. The Public Hearing allows for citizen comment on all aspects of the consolidated plan and action plan. In addition, CD contracted with J-Quad Consulting Group to gather the information included in the plan. The draft Consolidated Plan was made available for review and comment starting June 30, 2014. The 30-day citizen comment period ended at 5:00 p.m. on July 30, 2014. This is the final vote to approve the proposed Consolidated Plan and Action Plan before staff forwards the report to HUD.

Fiscal Impact

The plans have no direct impact on the General Fund. It simply outlines the needs and priorities that will be addressed over the next five year period with the ConPlan and the next program year with the Action Plan. It does not commit General Fund dollars to any projects. The ConPlan will serve as a guide for the allocation of future federal dollars allocated by HUD.

Staff/Board Recommending

Bill Howerton, Assistant City Manager

Attachments

Resolution - HUD

Community Development - Executive Summary

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock BE and is hereby authorized and directed to execute for and on behalf of the City of Lubbock, a Resolution approving the City of Lubbock 2014-2018 Consolidated Plan as recommended by the Community Development and Services Board (CDSB) to be submitted to the U. S. Department of Housing and Urban Development (HUD), and all related documents. Said Resolution is attached hereto and incorporated in this Resolution as if fully set forth herein and shall be included in the minutes of the City Council.

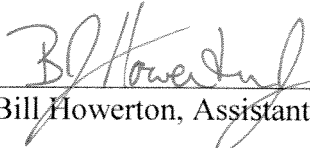
Passed by the City Council this _____ day of _____, 2014.

GLEN C. ROBERTSON, MAYOR

ATTEST:

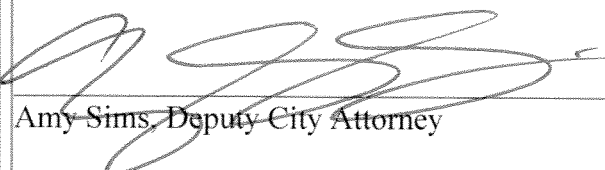
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Bill Howerton, Assistant City Manager

APPROVED AS TO FORM:



Amy Sims, Deputy City Attorney

gs/ccdocs/CDSB res-2014-2018 Consolidated Plan(HUD)
7.29.14

Executive Summary

ES-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The Consolidated Plan serves as a planning document meeting the federal government statutory requirements in 24 CFR 91.200-91.230, with revisions for preparing a Consolidated Plan and guiding the use of CDBG, HOME, HOPWA, and ESG funding based on applications to the U.S. Department of HUD. The major sections of the Consolidated Plan include a Housing Market Analysis, Housing and Homeless Needs Assessment, 5-year Strategic Plan, a 1-year Action Plan, and Consultation and Citizen Participation, with accompanying documentation relating to public comment. The Strategic Plan addresses specific needs that were identified in the data analysis, with specific goals and program targets for each category designated for funding. The Action Plan is a subset of the Strategic Plan, addressing funding options for the next fiscal year. The Consolidated Plan can be used by organizations in the community as a guide for identifying activities through which they can help the jurisdiction reach their housing and community development goals. The Consolidated Plan also serves as the baseline for measuring program effectiveness, as reported in the Consolidated Annual Performance and Evaluation Report (CAPER) required by HUD for each fiscal year's funding allocation.

Incorporated into the Consolidated Plan are an analysis of the local housing market and a review of housing and homeless needs in Lubbock as a means of defining the current environment in which federal funding is being used. The Consolidated Plan provides a strategic plan for meeting priority needs that were identified through the community participation process. The analytical parts of the document draw from the 2005-2009 and the 2008-2012 American Community Surveys and 2005 CHAS data provided by HUD. Other data sources include the 2010 U.S. Census and other information gathered locally, including the Lubbock Continuum of Care and a survey of citizens that was used to assist in prioritizing needs. The survey was available on the City's website and was distributed at community meetings. Public housing information was provided by the Lubbock Housing Authority.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

This Consolidated Plan contains a range of goals, objectives, and outcomes formulated to address needs identified for homelessness, other special needs, affordable housing, non-housing community

development, barriers to affordable housing, lead-based paint hazards, institutional structure, and coordination. These objectives include:

- Continue to collaborate with homeless providers to supply a continuum of services.
- Support services aimed at the prevention and elimination of homelessness and Rapid Re-housing.
- Improve the condition of housing for low-income homeowners.
- Increase the viability of potential homeownership opportunities.
- Improve the condition of housing for low-income renters and home owners through regulatory programs.
- Support improvement of infrastructure and public facilities in CDBG targeted areas in Lubbock.
- Expand business opportunities by supporting economic development projects through Section 108 Program funding.
- Address community needs through community-based public service programs.

These goals are supported by a collection of associated objectives and performance goals. These objectives seek to work toward meeting the goals stated, addressing the need for more affordable housing, housing rehabilitation, public facilities and infrastructure improvements, and social services. Specifics can be found in the Strategic Plan and Annual Action Plan.

3. Evaluation of past performance

The City of Lubbock has a long history of successful programs funded through the Community Development Block Grant and HOME Investment Partnership Program. Of particular importance to the health of the city have been programs that address the condition of the housing stock. The City has successfully funded housing rehabilitation activities targeting lower income and elderly households unable to properly maintain their homes. The City also operates a successful program that provided downpayment and mortgage assistance to new homebuyers. The City has worked actively with local homeless services providers to expand both the stock of units/beds available to homeless persons and services aimed at helping those persons find employment, housing, health care services, and educational opportunities. Details of past performance can be found in the City's Consolidated Annual Performance and Evaluation Report (CAPER).

4. Summary of citizen participation process and consultation process

The 2014-2018 Citizen Participation Plan (CPP) was adopted for development of the 2014-2018 Consolidated Plan. The CPP provides details for public notice for all meetings and the various stages of

Consolidated Plan development, public hearings before the citizens of Lubbock and City Council, accommodations for persons with disabilities, and the conduct of public review of draft documents.

In addition to public hearings as a means of receiving comment from the public in front of the Mayor and City Council, City staff held community meetings to provide citizens with information concerning the availability of Community Development Block Grant, HOME, and Emergency Solutions Grant funds and to incorporate their comments into the planning process. These included five technical assistance workshops which were held during the day or evening at community centers and one meeting held at City Hall for housing, homeless, and disability service providers. A survey to establish a community involvement process for prioritizing needs was distributed among workshop attendees and other interested individuals and was also posted on the City's website for enumeration online. Additional interviews were conducted with representatives of the housing and banking industry, non-profit organizations, and the community to further explore community needs and concerns.

5. Summary of public comments

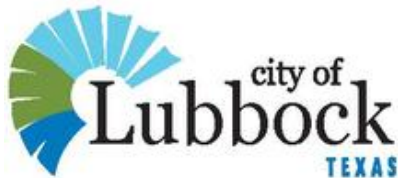
No comments were received in the public review process, therefore none were rejected for any reason.

6. Summary of comments or views not accepted and the reasons for not accepting them

No public comments were received during the public review period.

7. Summary

This document was developed through a process that included a significant community engagement component, which included focus groups, workshops, and a public review period. No comments were received from the public during the public review period, which is indicative of the extent to which community involvement was incorporated into the development of the Consolidated Plan.



Regular City Council Meeting

6. 10.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Benefits: Consider a resolution authorizing the Mayor to execute contract 11842 with Dearborn National Insurance Company for the purchase of term life and accidental death and dismemberment insurance policies for full-time employees in the amount of \$10,000; to offer employee paid supplemental life insurance for themselves and their eligible dependents; to offer voluntary accidental death and dismemberment to employees and their dependents; and to offer employee paid long term disability, RFP 14-11842-DT.

Item Summary

A request for proposal was announced on May 2, 2014, for Basic and Supplemental Life; Accidental Death and Dismemberment; Long Term Disability; and Short Term Disability (Advise-to-Pay Sick Leave Share).

Group Basic and Supplemental Life and Accidental Death and Dismemberment Insurance -

The City provides a \$10,000 term life and accidental death and dismemberment policy for all full time employees. Employees have the option to purchase additional life for themselves and eligible dependents. Retirees are allowed to retain \$15,000 life insurance at their expense for themselves and \$2,500 for eligible spouse and \$1,000 for dependent children.

Dearborn National Life Insurance Company has provided basic and supplemental group life insurance for the City's employees and retirees since January 1, 2011.

Two companies responded to the request for proposals relative to basic term life/accidental death and dismemberment as well as supplemental and retiree life. Those companies are: Dearborn National Life Insurance Company and Minnesota Life.

Dearborn National Life Insurance Company provided the best rates for these insurance products. Rates for City paid basic life/AD&D and employees reduced by 10%. The rate the City pays for basic life and AD&D will be \$6.00 per employee annually. Employees have the option to purchase supplemental life coverage at 1 times, 2 times or 3 times their annual salary. Employees enrolled in supplemental life coverage will have a rate reduction in all age-banded groups. The rate reductions are one cent to fifty-four cents per \$1,000 of coverage, for an average rate reduction of 25%. Supplemental life and dependent life are paid for 100% by employees. Rates for dependent coverage will not change. Rates for retirees and their dependents will not change. Additionally, employees may purchase separate AD&D coverage (without purchasing supplemental life) at 1 times, 2 times or 3 times their annual salary. Dearborn National did not increase the rates for AD&D coverage.

All life rates are guaranteed for five (5) years.

Long Term Disability and Short Term Disability -

The City offers two voluntary long term disability plans for full time employees and is currently contracted with Prudential Insurance Company of America to provide services for Long Term Disability (LTD). LTD benefits are 60% of salary after a 180 day waiting period or 67% of salary after a 90 day waiting period. LTD premiums are paid 100% by the employee. The current LTD contract expires December 31, 2014.

The City administers the Sick Leave Share program, but solicited proposals for Advise-to-Pay (claim administration) and/or Short Term Disability. Employees must donate eight (8) hours of leave time to be eligible for the City's sick leave sharing program. This is handled in-house with a committee and strict procedures for administration and approval of requests that are in compliance with HIPAA.

The responders for LTD are: Dearborn National Life Insurance Company and Prudential. The same companies also submitted proposals for Advise-to-Pay and/or Short Term Disability.

Prudential provided a Best and Final Offer with increased rates of 25-30%. Dearborn National Life Insurance Company mirrored the rates currently in place with Prudential. By utilizing Dearborn National Life Insurance Company, there would be no premium increase to employees with this coverage. Rates are age-banded and vary between fourteen cents to \$1.46 per \$100 of salary.

Dearborn National Life Insurance Company will offer a true open enrollment for long term disability benefits only. Employees not enrolled in LTD may do so during the City's Annual Enrollment period without completion of an evidence of insurability medical questionnaire.

Rates for LTD are guaranteed for three years. The maximum increase allowed for years four and five will be based on the incurred loss ratio.

AFLAC submitted a proposal for Voluntary and Group Short Term Disability. As far as Short Term Disability and Advise-to-Pay are concerned, the proposals received did not comply with the needs of the City.

Fiscal Impact

The City currently pays \$6.60 per employee per year for the cost of basic life insurance and accidental death and dismemberment. The cost is budgeted in the health insurance cost center and self-insurance fund budget. Dearborn National Life Insurance Company has reduced the cost of basic coverage to \$6.00 per employee per year.

Employees pay the full cost of supplemental life, voluntary accidental death and dismemberment and long term disability. The City's Sick Leave Share program is administered in-house.

Staff/Board Recommending

Quincy White, Deputy City Manager

Attachments

Resolution & Contract - Dearborn National Insurance Company

Exhibit A

Exhibit B

Exhibit C

Exhibit C1

Exhibit C2

Exhibit D

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock, a Service Agreement for Basic Life, Accident Death and Disability Insurance and Voluntary Life and Voluntary Accident Death and Disability Insurance as per Contract No. 11842, by and between the City of Lubbock and Dearborn National Life Insurance Company, and related documents. Said Service Agreement is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

THAT the City Manager, or his designee, may execute any routine documents and forms associated with said insurance coverage.

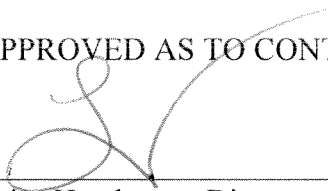
Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Leisa Hutcheson, Director of Human Resources

APPROVED AS TO FORM:



Chad Weaver, City Attorney

vw:ccdcs/RES.Risk Mgmt-Dearborn Life Ins. Co
July 21, 2014

**City of Lubbock, TX
Ancillary Benefits Plan for City Employees
RFP 14-11842-DT**

This Service Agreement (this “Agreement”) is entered into as of the 14th day of August, 2014, (“Effective Date”) by and between Dearborn National Life Insurance Company (the Contractor), and the City of Lubbock (the “City”).

RECITALS

WHEREAS, the City has issued a Request for Proposals 14-11842-DT Ancillary Benefits Plan for City Employees.

WHEREAS, the proposal submitted by the Contractor has been selected as the proposal which best meets the needs of the City for this service; and

WHEREAS, Contractor desires to perform as an independent contractor to provide Ancillary Benefits upon terms and conditions maintained in this Agreement; and

NOW THEREFORE, for and in consideration of the mutual promises contained herein, the City and Contractor agree as follows:

City and Contractor acknowledge the Agreement consists of the following exhibits which are attached hereto and incorporated herein by reference, listed in their order of priority in the event of inconsistent or contradictory provisions:

1. This Agreement
2. Exhibit A –Price Sheet
3. Exhibit B – General Requirements
4. Exhibit C – Insurance
Exhibit C1 – Sample Life Policy
Exhibit C2 - Sample Long Term Disability Policy
5. Exhibit D – Insurance

In the event of a conflict with respect to the coverage of insurance provided by the Policies and all matters relating thereto, the Policies take precedence over all documents identified above.

Scope of Work

Contractor shall provide the services that are specified in Exhibit B. The Contractor shall comply with all the applicable requirements set forth in Exhibit A and C attached hereto.

Article 1 Services

- 1.1 Contractor agrees to perform services for the City that are specified under the General Requirements set forth in Exhibit B. The City agrees to pay the amounts stated in Exhibit A, to Contractor for performing services.

the City under this Contract. In the event such an audit by the City reveals any errors or overpayments by the City, Company shall refund the City the full amount of such overpayments within thirty (30) days of such audit findings, or the City, at its option, reserves the right to deduct such amounts owing the City from any payments due Company.

- 2.10 The City reserves the right to exercise any right or remedy to it by law, contract, equity, or otherwise, including without limitation, the right to seek any and all forms of relief in a court of competent jurisdiction. Further, the City shall not be subject to any arbitration process prior to exercising its unrestricted right to seek judicial remedy. The remedies set forth herein are cumulative and not exclusive, and may be exercised concurrently. To the extent of any conflict between this provision and another provision in, or related to, this document, this provision shall control.

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

CITY OF LUBBOCK, TX:

COMPANY:

Glen C. Robertson, Mayor

Company's Signature

ATTEST:

Printed Name
VP & CFO

Title

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:

Leisa Hutcheson, Director of Human Resources
and Risk Management

APPROVED AS TO FORM:

Mitch Satterwhite, Assistant City Attorney

EXHIBIT A
PRICE SHEET

Coverage	Dearborn National Monthly Rate Per \$1,000
Basic Life	\$0.035
Accidental Death & Dismemberment	\$0.015

Supplemental Employee Life	
Age	Rate Per \$1,000
Under 30	\$0.05
30-34	\$0.06
35-39	\$0.07
40-44	\$0.11
45-49	\$0.16
50-54	\$0.26
55-59	\$0.47
60-64	\$0.77
65-69	\$1.21
70-74	\$2.14
75-79	\$3.95
80-85	\$6.72

Spouse Life	
Amount	Rate Per \$1,000
\$5,000	\$0.80
\$10,000	\$1.60
\$15,000	\$2.40
\$20,000	\$3.20
\$25,000	\$4.00
\$30,000	\$4.80
\$35,000	\$5.60
\$40,000	\$6.40
\$45,000	\$7.20
\$50,000	\$8.00

Dependent Child Life	
Amount	Monthly Rate Per Unit
\$2,500	\$0.50
\$5,000	\$1.00
\$7,500	\$1.50
\$10,000	\$2.00

Voluntary AD&D	
	Rate Per \$1,000
Employee Only	\$0.025
Employee and Spouse Only	\$0.038
Employee and Child(ren) Only	\$0.038
Employee, Spouse & Child(ren)	\$0.038

Retiree Life	
Age	Rate Per \$1,000
Under 30	\$0.11
30-34	\$0.12
35-39	\$0.17
40-44	\$0.26
45-49	\$0.44
50-54	\$0.78
55-59	\$1.27
60-64	\$1.44
65-69	\$2.38
70-74	\$4.12
75-79	\$6.20
80 or Over	\$9.75

Retiree Life	\$3.06
Retiree Life	\$0.60

Retiree Dependent Coverage		
	Amount	Monthly Rate Per Unit
Spouse	\$2,500	\$1.25
Child(ren)	\$1,000	\$1.25

LTD - Option 1 (180 day EP)	
Age	Rate Per \$100 of Monthly Covered Payroll
Under 25	\$0.14
25-29	\$0.16
30-34	\$0.17
35-39	\$0.18
40-44	\$0.25
45-49	\$0.31
50-54	\$0.42
55-59	\$0.64
60-64	\$0.79
65-69	\$0.79
70 +	\$0.79

LTD - Option 2 (90 day EP)	
Age	Rate Per \$100 of Monthly Covered Payroll
Under 25	\$0.16
25-29	\$0.18
30-34	\$0.20
35-39	\$0.21
40-44	\$0.28
45-49	\$0.36
50-54	\$0.49
55-59	\$0.74
60-64	\$0.91
65-69	\$0.91
70 +	\$0.91

Rate Guarantee

- The Life will be guaranteed for 5 years (1/1/15 - 12/31/19).
- The LTD rates are guaranteed for 3 years with rate caps based on the incurred loss ratios for year 4 and 5 as indicated below.

LTD - Year 4 and Year 5	
Incurring Loss Ratio	Maximum Renewal Rate Increase Allowed
Under 85%	0%
85% - 89%	10%
90% - 99%	20%
100% or more	To be negotiated between the City of Lubbock and Dearborn National

EXHIBIT B

City of Lubbock, TX RFP 14-11842-DT Ancillary Benefits

General Requirements Products and Pricing Schedule

4(A) Group Employer-Paid Group Life/AD&D Insurance

Minimum requirements:

Employer-Paid Group Life Insurance /AD&D insurance – Policy must include coverage for all classifications of eligible employees as defined in the Summary Plan Description. The policy coverage should be quoted on a guaranteed issue basis for active and newly hired employees during the initial open enrollment period.

The carrier/provider must have an A.M. Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

SCHEDULE OF BENEFITS

ELIGIBILITY: Class 01

All eligible Active Employees

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER DECEMBER 1, 1995

ELIGIBILITY: Class 03

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER APRIL 1, 1988 BUT
BEFORE DECEMBER 1, 1995

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER JANUARY 1, 1974 BUT
BEFORE APRIL 1, 1988

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED PRIOR TO JANUARY 1, 1974

EXHIBIT B

City of Lubbock, TX RFP 14-11842-DT Ancillary Benefits

General Requirements Products and Pricing Schedule

4(A) Group Employer-Paid Group Life/AD&D Insurance

Minimum requirements:

Employer-Paid Group Life Insurance /AD&D insurance – Policy must include coverage for all classifications of eligible employees as defined in the Summary Plan Description. The policy coverage should be quoted on a guaranteed issue basis for active and newly hired employees during the initial open enrollment period.

The carrier/provider must have an A.M. Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

SCHEDULE OF BENEFITS

ELIGIBILITY: Class 01

All eligible Active Employees

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER DECEMBER 1, 1995

ELIGIBILITY: Class 03

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER APRIL 1, 1988 BUT
BEFORE DECEMBER 1, 1995

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER JANUARY 1, 1974 BUT
BEFORE APRIL 1, 1988

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED PRIOR TO JANUARY 1, 1974

Eligibility Waiting Period: (for all classes)

Current Retirees: NONE

New Retirees: NONE

Policy Holder Contribution Class 2 & 3: Basic Life 0% of premium
GROUP TERM LIFE INSURANCE

CLASS 01 Employee Basic Life Benefit Amount

Employee may elect coverage up to the guarantee issue level.

CLASS 02 Employee Basic Life Benefit Amount

Employee may elect a \$5,000 benefit or a \$2,000 benefit.

CLASS 03 Employee Basic Life Benefit Amount

\$2,000 benefit.

CLASS 04 Employee Basic Life Benefit Amount

Employee's benefit amount is equal to the amount of coverage in force on the last day of being actively at work (either \$2,000 or \$5,000)

CLASS 05 Employee Basic Life Benefit Amount

\$11,000 benefit.

Reduction of Benefits (for all Classes) NONE

Portability (for all Classes)

Benefit Eligibility

Basic Life

Insured Eligibility

Retiree

Portability Benefit Duration

Age 65

CURRENT PRICING

(All rates per \$1,000 per month unless otherwise stated)

CLASS 01 Term Life: \$0.035

CLASS 01 AD&D: \$0.02

CLASS 02 Term Life: see voluntary rate schedule

CLASS 03 Term Life: see voluntary rate schedule

CLASS 04 Term Life: see voluntary rate schedule

CLASS 05 Term Life: see voluntary rate schedule

Basic Life and AD&D

Employer-Paid Group Life Insurance	Vendor Answer
Guaranteed Issue	
Policy portability under similar terms and conditions	
Length of time with carrier	
Minimum participation	
A M Best Rating of carrier (A VIII min)	
Life insurance waiver of premium notifications	
Limitations and exclusions	
Accelerated Death Benefit	
Line of Duty Benefit	
Benefit Reduction Schedule similar	
Seat Belt Benefit	
Air Bag Benefit	
Career Adjustment Benefit	
Child Care Benefit	
Higher Education Benefit	
Enrollment Guidelines Similar	

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:

Item	Employer-Paid Group Life	Vendor Answer
1	Multi-year Rate Quote	Years
2	Please attach a five year rate history	Rates
3	Cost per \$1000	\$

4 (B) Voluntary Group Term Life/AD&D Insurance

Minimum requirements:

Employee-Paid Group Life Insurance /AD&D insurance – Policy must include coverage for all classifications of eligible employees as defined in the Summary Plan Description.

The carrier/provider must have an A.M. Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

SCHEDULE OF BENEFITS

ELIGIBILITY: Class 01

All eligible new hires and existing employees and their dependents to enroll for coverage up to the guarantee issue level. Voluntary Life amounts elected above the guarantee issue level will require evidence of insurability.

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER DECEMBER 1, 1995

ELIGIBILITY: Class 03

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER APRIL 1, 1988 BUT
BEFORE DECEMBER 1, 1995

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED ON OR AFTER JANUARY 1, 1974 BUT
BEFORE APRIL 1, 1988

ELIGIBILITY: Class 02

All eligible Retirees of the Policyholder are: ALL RETIRED
EMPLOYEES WHO RETIRED PRIOR TO JANUARY 1, 1974

Eligibility Waiting Period: (for all classes)

New Employees:	14 days (one(1) full pay period)
Current Retirees:	NONE
New Retirees:	NONE

Policy Holder Contribution (for all Classes): Voluntary Life 0% of premium

CLASS 01 Guarantee Issue for Supplemental Life Coverage is:

- 1. \$250,000 for employees**
- 2. \$50,000 for spouses**
- \$10,000 for children**

Must accept employees that have coverage over the Guarantee Issue amount.

GROUP TERM LIFE INSURANCE

Retiree Voluntary Life Benefit Amount (for all Classes)

\$10,000

Voluntary: Benefit amounts may be subject to Guarantee Issue limits based on participation levels as determined by *Us*. Any Guarantee Issue Limits established are only available during Your group's initial enrollment and for new employees who have met the Eligibility requirements. Employees must enroll within 31 days of their eligibility date to qualify for any established Guarantee Issue.

Reduction of Benefits (for all Classes) NONE

Portability (for all Classes)

Benefit Eligibility Voluntary Life

Insured Eligibility Retiree

Portability Benefit Duration Age 65

Additional Purchase Option

Maximum Additional Purchase Amount Up to \$50,000 of basic term life insurance.

DEPENDENT TERM LIFE INSURANCE

Class 2 – Spouse Benefit Amount

Voluntary: \$2,500

Class 2 – Child(ren) Benefit Amount

Voluntary: age live birth to 6 months - \$0.00
6 months to 25 years - \$1,000

Class 3 – Spouse Benefit Amount

Voluntary: \$2,000

Class 3 – Child(ren) Benefit Amount

Voluntary: \$1,000

Class 4 – Spouse Benefit Amount

Voluntary: \$2,000

Class 4 – Child(ren) Benefit Amount

Voluntary: \$2,000

Class 5 – Child(ren) Benefit Amount

NONE

RATE ADDENDUM (all rates per \$1,000 per month)

Class 01 Voluntary Spouse Life: \$.80 per \$5,000

Class 01 Voluntary Child Life:

\$ 2,500 benefit - \$0.50 per family unit

\$ 5,000 benefit - \$1.00 per family unit

\$ 7,500 benefit - \$1.50 per family unit

\$10,000 benefit - \$2.00 per family unit

Class 01 Voluntary Accidental Death & Dismemberment:

Individual Plan - \$0.025 per family unit

Family Plan - \$0.038 per family unit

Class 01 Voluntary Term Life:

<u>AGE RANGE</u>	<u>RATE</u>
Under to 30	\$.06
30 to 34	\$.08
35 to 39	\$.09
40 to 44	\$.14
45 to 49	\$.20
50 to 54	\$.33
55 to 59	\$.59
60 to 64	\$.96
65 to 69	\$1.51
70 to 74	\$2.68
75 to 79	\$4.94
80 to 84	\$8.40

Class 02, 03 & 04 Voluntary Dependent Life (Spouse & Child(ren)): \$1.25 per family unit

Class 02, 03 & 04 Voluntary Term Life:

<u>AGE RANGE</u>	<u>RATE</u>
Under to 30	\$.11
30 to 34	\$.12
35 to 39	\$.17
40 to 44	\$.26
45 to 49	\$.44
50 to 54	\$.78
55 to 59	\$1.27
60 to 64	\$1.44
65 to 69	\$2.38
70 to 74	\$4.12
75 to 79	\$6.20
80 to 84	\$9.75

4 (c) Voluntary Short-term Disabilities

Minimum requirements:

Voluntary Short-term disability insurance – policy should include an “own occupation” definition of disability and waiver of premium for disability. The policy must cover on

duty and off duty disability. The waiting period for benefits cannot be longer than 30 days. The benefit payout period must be at least 13 weeks. The benefit must be at least 50% of usual pay offset from other sources of income such as social security or workers compensation. However, the minimum benefit must be at least 40% of usual pay without any offsets. Please include other features of your policy in the evaluation below. The policy must have guaranteed issue for new hires and initial open enrollment period. The carrier/provider must have an A M Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

Short term Disability	Vendor Answer
Guaranteed Issue	Yes or No
OWN OCCUPATION Definition of	Yes or No
Portable under similar terms and conditions	Yes or No
WAIVER OF PREMIUM for disability	Yes or No
On duty and Off duty coverage	Yes or No
Length of time with carrier	
Minimum participation	
A M Best Rating of carrier (A VIII min)	
Waiting period for illness (30 days maximum)	
Waiting period for injury (30 days maximum)	
Coverage period (13 week minimum)	
Percent of usual pay (50% minimum)	
Minimum Percent of usual pay with Social Security, Worker's Comp or other income offset (40% minimum)	
Other features: Please list other features of your policy.	

Minimum participation – greater consideration will be given for lower number of minimum participation.

A M Best Rating – greater consideration will be assigned for higher A M Best rating. The minimum rating is A VIII.

Waiting Periods – greater consideration will be assigned for shorter waiting periods.

Coverage Periods – greater consideration will be assigned for longer coverage periods.

Percent of usual pay – greater consideration will be assigned for higher percentages of usual pay.

Pricing

Item	Voluntary Short-Term Disability Insurance	Vendor Answer
1	Multi-year Rate Quote (5 points per year.	Years
2	Please attach a five year rate history	Rates
3	Bi Weekly Cost per Sample of 100	\$

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:

4(D) Long-term Disability

Minimum requirements:

Long-term disability insurance – policy should include an “any occupation” definition of disability and waiver of premium for disability. We would prefer a policy that has an own occupation test for disability for 2 years and any occupation test thereafter. The policy must cover on duty and off duty disability. The waiting period for benefits cannot be longer than 180 days. The benefit payout period must be at least 5 years, but would prefer until age 65. The benefit must be at least 50% of usual pay offset from other sources of income such as social security or workers compensation. However, the minimum benefit must be at least 40% of usual pay without any offsets. Please include other features of your policy in the evaluation below. The policy must have guaranteed issue for new hires and initial open enrollment period. The carrier/provider must have an A M Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

5. SCHEDULE OF BENEFITS

Disability Income Insurance — Monthly Income Benefits

Monthly Benefit

Your monthly benefit depends on the Option for which you are enrolled.

Option 1: 60% of your monthly earnings, but not more than the Maximum Monthly Benefit.

..... Option 2: 67% of your monthly earnings, but not more than the Maximum Monthly Benefit.

..... Your benefit may be reduced by the deductible sources of income and disability earnings.

Some disabilities may not be covered or may be limited under this coverage.

MAXIMUM Monthly Benefit: \$5,000

Elimination Period

Your elimination period depends on the Option for which you are enrolled. You are automatically enrolled in Option 1 unless you choose to enroll for Option 2.

- Option 1: The longer of 180 days and the length of time for which you receive loss of time benefits, salary continuation or accumulation of sick leave.
- Option 2: The longer of 90 days and the length of time for which you receive loss of time benefits, salary continuation or accumulated sick leave.

Benefits begin the day after the Elimination Period is completed.

Maximum Benefit Period

Age at disability	Maximum benefit period
Under age 61	To your normal retirement age*, but not less than 60 months
61	To your normal retirement age*, but not less than 48 months
62	To your normal retirement age*, but not less than 42 months
63	To your normal retirement age*, but not less than 36 months
64	To your normal retirement age*, but not less than 30 months
65	24 months
66	21 months
67	18 months
68	15 months
69 and over	12 months

***Your normal retirement age is your retirement age under the Social Security Act where retirement age depends on your year of birth.**

No contributions are required for your coverage while you are receiving payments under this plan.

Cost of Coverage: The long term disability plan is provided to you on a contributory basis. You will be informed of the amount of your contribution when you enroll.

The above items are only highlights of coverage. For a full description please read the entire Group Insurance Certificate.

CURRENT PRICING

	Option 1:	Option 2:
AGE RANGE	RATE	RATE
<25	\$.14	\$.16
25 to 29	\$.16	\$.18
30 to 34	\$.17	\$.20
35 to 39	\$.18	\$.21
40 to 44	\$.25	\$.28
45 to 49	\$.31	\$.36
50 to 54	\$.42	\$.49
55 to 59	\$.64	\$.74
60 to 64	\$.79	\$.91
65 to 69	\$.79	\$.91
70 +	\$.79	\$.91

Long term Disability	Vendor Answer
Guaranteed Issue	Yes or No
WAIVER OF PREMIUM for disability	Yes or No
Portable under similar terms and conditions	Yes or No
On duty and Off duty coverage	Yes or No
Length of time with carrier (1 point per	
Minimum participation	
A M Best Rating of carrier (A VIII min)	
Own Occupation test for wait period?	
Waiting period for illness (180 days maximum)	
Waiting period for injury (180 days maximum)	
Coverage period (5 year minimum)	
Percent of usual pay (50% minimum)	

Minimum Percent of usual pay with Social Security, Worker's Comp or other income offset (40% minimum)	
Other features: Please list other features of your policy.	

Minimum participation – greater consideration will be given for lower number of minimum participation.

A M Best Rating – greater consideration will be assigned for higher A M Best rating. The minimum rating is A VIII.

Waiting Periods – greater consideration will be assigned for shorter waiting periods.

Coverage Periods – greater consideration will be assigned for longer coverage periods.

Percent of usual pay – greater consideration will be assigned for higher percentages of usual pay.

Pricing

Item	Long term Disability Insurance	
1	Multi-year Rate Quote (5 points per year	Years
2	Please attach a five year rate history	Rates
3	Bi Weekly Cost per Sample of 100	\$

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:

EXHIBIT C
BEST AND FINAL OFFER
PROPOSAL



Strength. Independence. Solutions.

GROUP BENEFITS PROPOSAL

Prepared for
City of Lubbock, Texas

Proposal valid for two months following October 01, 2014

DEARBORN NATIONAL
SALES REPRESENTATIVE:

Jeff Jay
214.334.6918
jeff_jay@bcbstx.com

Visit us at: www.dearbornnational.com

Underwritten by Dearborn National[®] Life Insurance Company

Products and services marketed under the Dearborn National[®] brand and the star logo are underwritten, and/or provided by, Dearborn National[®] Life Insurance Company, (Owners Grove, LLC) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.



Prepared for:
City of Lubbock, Texas

Group Life and Accidental Death and Dismemberment Insurance

Group Life and Accidental Death and Dismemberment Insurance plans provide security to those families that have suffered the loss of a loved one.

Basic Life Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

Basic Life

- All Eligible Active Employees

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
2,107	\$21,070,000	\$0.035	\$737.45

- All Retireed Employees who retireed on or after January 1, 1974 but before April 1, 1988

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
46	\$45,000	\$0.600	\$27.00

- All Retireed Employees who retireed on or after December 1, 1995

- All Retireed Employees who retireed on or after April 1, 1988 but before December 1, 1995

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
486	\$1,936,000	\$3.060	\$5,924.16

Basic AD&D

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
2,107	\$20,902,500	\$0.015	\$313.54

Rate Guarantee Period: 60 months

**Quote valid for two months following the proposed effective date*

Enhanced Product Services Offered with Group Term Life Insurance

- Travel Assistance Services (Available to groups with 50 or more lives; Not available in all states)
- Beneficiary Resource Services

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the inforce carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
City of Lubbock, Texas

Group Life Insurance Plan Design Summary

Basic Term Life - Employee

Eligibility

	All Eligible Active Employees	All Retiree Employees who retired on or after January 1, 1974 but before April 1, 1988
Number of Employees	2,107	46
Basic Life Benefit	\$10,000	\$2,000 or \$5,000
Guarantee Issue	\$10,000	\$5,000
Waiver of Premium	Included	Not Included
Elimination Period	6 Months	
Waiver Duration	To Age 65	
Portability	To Age 65	To Age 65
Portability Maximum	\$10,000	\$5,000
Conversion	Included	Included
Accelerated Death Benefit*	75% of Benefit Amount	Not Included
Maximum	\$500,000	
Age Reduction Schedule**	35% at age 65 50% at age 70 35% at age 75	None
Policyholder Contribution	100%	100%
Participation Minimum	100%	100%

**For groups with Basic and Supplemental or Voluntary Life coverage, the Accelerated Death Benefit maximum applies to all coverages*

***Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.*



Prepared for:
City of Lubbock, Texas

Basic Term Life - Employee

Eligibility

	All Retireed Employees who retireed on or after December 1, 1995	All Retireed Employees who retireed on or after April 1, 1988 but before December 1, 1995
Number of Employees	399	87
Basic Life Benefit	\$2,000 or \$5,000	\$2,000
Guarantee Issue	\$5,000	\$2,000
Portability	To Age 65	To Age 65
Portability Maximum	\$5,000	\$2,000
Conversion	Included	Included
Age Reduction Schedule**	None	None
Policyholder Contribution	100%	100%
Participation Minimum	100%	100%

***Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.*



Prepared for:
City of Lubbock, Texas

Basic AD&D - Employee

Eligibility

**Basic AD&D Benefit
Seat Belt**

Percentage
Maximum

Air Bag

Percentage
Maximum

Education Benefit

Percentage
Annual Maximum
Duration

Repatriation Benefit

Day Care Benefit

Percentage
Annual Maximum
Duration

Spouse Training Benefit

Coma Benefit

Percentage
Maximum
Duration

**All Eligible Active
Employees**

Same as Basic Life
Included

10%
\$25,000

Included

5%
\$5,000

Included

3%
\$3,000
4 Years

Actual costs to \$5,000.

Included

3%
\$5,000
5 Years

\$5,000

Included

1%
\$1,000
11 Months



Prepared for:
City of Lubbock, Texas

Underwriting Considerations for Group Life Coverage

Considerations

- Voluntary AD&D Employee rate is \$0.025
- Voluntary AD&D Family rate is \$0.038

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Insured Persons enrolling more than 31 days after their initial eligibility date must submit satisfactory Evidence of Insurability for all benefit amounts.
- Coverage for amounts in excess of the Guarantee Issue amount is not effective until the date we approve the application.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.
- The Supplemental Life guarantee issue amount shown in this proposal are offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage.
- If the Supplemental Life Participation Minimum stated in the Plan Design Summary is met, all current amounts in force will be grandfathered, subject to the plan design maximums and the grandfathering limits stated in the Plan Design Summary. The Guarantee Issue amount shown in this proposal will only be offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage. Employees not previously covered, or those who have selected to increase their coverage, will need to provide satisfactory Evidence of Insurability.
- Should the Supplemental Life Participation Minimum not be met, grandfathering will not apply and satisfactory Evidence of Insurability will be required for all amounts by all applicants, including those participating in the prior carrier's plan. Participation is measured based on the participation level achieved at initial enrollment with Dearborn National. A spouse application does not count toward the Participation Requirement.

Transition of Coverage from Previous Carrier

Most group life carriers have standardized provisions in their contracts that address issues concerning transition from one carrier to another. Each carrier has specific responsibilities to ensure that employees who are not actively at work at the time of the transition do not lose their coverage.

The terminating carrier should retain responsibility for any employee who is disabled on the date of termination, regardless of whether or not the individual is on Waiver of Premium. It is recommended that this issue be discussed with the terminating carrier to verify how persons disabled on the effective date of our policy will be handled.

Actively at Work

- Actively at work requirements will be waived, provided premiums are paid when due, for employees who:
 - Are covered on the day immediately preceding our policy effective date; and
 - Were on lay-off, non-medical leave of absence or sabbatical leave; and who are being provided an extension of benefits with their prior carrierCoverage will continue for the balance of the time provided for under the prior carrier's policy, but not to exceed 12 months. We do not agree to waive the actively at work provision on other employees.



Prepared for:
City of Lubbock, Texas

Voluntary Life and Accidental Death and Dismemberment Insurance

Voluntary Life and Accidental Death and Dismemberment Insurance plans provide security to those families that have suffered the loss of a loved one.

Voluntary Life Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

Voluntary Life

- All Eligible Active Employees

Age Band	Employee Rates Per \$1,000 Monthly
Below 20	\$0.050
20-24	\$0.050
25-29	\$0.050
30-34	\$0.060
35-39	\$0.070
40-44	\$0.110
45-49	\$0.160
50-54	\$0.260
55-59	\$0.470
60-64	\$0.770
65-69	\$1.210
70-74	\$2.140
75-79	\$3.950
80-84	\$6.720
85-89	\$6.720
90-94	\$6.720
95-99	\$6.720
100 and above	\$6.720



Prepared for:
City of Lubbock, Texas

- All Retireed Employees

Age Band	Employee Rates Per \$1,000 Monthly
Below 20	\$0.110
20-24	\$0.110
25-29	\$0.110
30-34	\$0.120
35-39	\$0.170
40-44	\$0.260
45-49	\$0.440
50-54	\$0.780
55-59	\$1.270
60-64	\$1.440
65-69	\$2.380
70-74	\$4.120
75-79	\$6.200
80-84	\$9.750
85-89	\$9.750
90-94	\$9.750
95-99	\$9.750
100 and above	\$9.750

Voluntary AD&D

Age Band	Employee Rates Per \$1,000 Monthly
Employee	\$0.025

Voluntary Dependent Life

- All Eligible Active Employees

Age Band	Spouse Rates Per \$5,000 Monthly
Composite	\$0.800

Dependent Child(ren) Rates per unit	
Life	\$0.500

- All Retired Employees who Retired on or after January 1, 1974 but before December 1, 1995

Age Band	Spouse Rates Per unit Monthly
Composite	\$1.250



Prepared for:
City of Lubbock, Texas

- All Retired Employees who Retired on or after December 1, 1995

Age Band	Spouse Rates Per unit Monthly
Composite	\$1.250

Dependent Child(ren) Rates per unit	
Life	\$1.250

Rate Guarantee Period: 60 Months

****Quote valid for two months following the proposed effective date***

Enhanced Product Services Offered with Group Term Life Insurance

- Travel Assistance Services (Available to groups with 50 or more lives; Not available in all states)
- Beneficiary Resource Services

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the inforce carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
City of Lubbock, Texas

Group Life Insurance Plan Design Summary

Voluntary Life - Employee

Eligibility	All Eligible Active Employees	All Retiree Employees
Number of Employees	1,678	363
Voluntary Life Benefit	Amounts from 1 to 3 times salary in increments of 1 times salary	Amounts from \$10,000 to \$10,000 in increments of \$10,000
Minimum	\$1,000	
Maximum	\$500,000	
Benefit Rounding	To Next Higher \$1,000	Not Applicable
Definition of Earnings	Earnings w/Comm	
Average Period	12 Months	
Guarantee Issue	\$250,000	\$250,000
Waiver of Premium	Included	Not Included
Elimination Period	6 Months	
Waiver Duration	To Age 65	
Portability	To Age 65	To Age 65
Portability Maximum	\$500,000	\$10,000
Conversion	Included	Included
Accelerated Death Benefit*	75% of Benefit Amount	Not Included
Maximum	\$500,000	
Age Reduction Schedule**	35% at age 65	35% at age 65
	50% at age 70	50% at age 70
	35% at age 75	35% at age 75
Policyholder Contribution	0%	0%
Participation Minimum	25%	25%

* For groups with Basic and Supplemental or Voluntary Life coverage, the Accelerated Death Benefit maximum applies to all coverages

**Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.



Prepared for:
City of Lubbock, Texas

Voluntary AD&D - Employee

Eligibility

**All Full Time Active
Employees that work a
minimum of 40 hours per
week**

**Voluntary AD&D Benefit
Seat Belt**

Same as Voluntary Life
Included

Percentage
Maximum

10%
\$25,000

Air Bag

Included

Percentage
Maximum

5%
\$5,000

Education Benefit

Included

Percentage
Annual Maximum
Duration

3%
\$3,000
4 Years

Repatriation Benefit

Actual costs to \$5,000

Day Care Benefit

Included

Percentage
Annual Maximum
Duration

3%
\$5,000
5 Years

Spouse Training Benefit

\$5,000

Common Disaster Benefit

Increases spouse amount to
equal employee amount.
Maximum \$150,000

Coma Benefit

Included

Percentage
Maximum
Duration

1%
\$1,000
11 Months



Prepared for:
City of Lubbock, Texas

Voluntary Dependent Life

Eligibility

Spouse Benefit

Not to Exceed

Spouse Guarantee Issue

Child Benefit

Birth - 14 days

15 Days - 6 months

6 Months - Maximum

Child Maximum Age

Student Maximum Age

Child Guarantee Issue

Dependent Portability

Dependent Conversion

Age Reduction Schedule

All Eligible Active Employees

Amounts from \$5,000 to \$50,000 in increments of \$5,000

Includes Domestic Partners

100% of Employee Amount

\$50,000

\$0

\$100

Amounts from \$2,500 to \$10,000 in increments of \$2,500

26

26

\$10,000

Included

Included

Same As Employee

All Retired Employees who Retired on or after January 1, 1974 but before December 1, 1995

Amounts from \$2,000 to \$2,000 in increments of \$2,000
Includes Domestic Partners

100% of Employee Amount

\$50,000

Not Included

Included

Included

Same As Employee



Prepared for:
City of Lubbock, Texas

Voluntary Dependent Life

Eligibility

Spouse Benefit

Not to Exceed

Spouse Guarantee Issue

Child Benefit

Birth - 14 days

15 Days - 6 months

6 Months - Maximum

Child Maximum Age

Student Maximum Age

Child Guarantee Issue

Dependent Portability

Dependent Conversion

Age Reduction Schedule

**All Retired Employees
who Retired on or after
December 1, 1995**

Amounts from \$2,500 to
\$2,500 in increments of \$2,500

Includes Domestic Partners
100% of Employee Amount
\$50,000

\$0

\$0

Amounts from \$1,000 to
\$1,000 in increments of \$1,000

26

26

\$10,000

Included

Included

Same As Employee



Prepared for:
City of Lubbock, Texas

Underwriting Considerations for Group Life Coverage

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Insured Persons enrolling more than 31 days after their initial eligibility date must submit satisfactory Evidence of Insurability for all benefit amounts.
- Coverage for amounts in excess of the Guarantee Issue amount is not effective until the date we approve the application.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.
- The Voluntary Life guarantee issue amount shown in this proposal are offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage.
- If the Voluntary Life Participation Minimum stated in the Plan Design Summary is met, all current amounts in force will be grandfathered, subject to the plan design maximums and the grandfathering limits stated in the Plan Design Summary. The Guarantee Issue amount shown in this proposal will only be offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage. Employees not previously covered, or those who have selected to increase their coverage, will need to provide satisfactory Evidence of Insurability.
- Should the Voluntary Life Participation Minimum not be met, grandfathering will not apply and satisfactory Evidence of Insurability will be required for all amounts by all applicants, including those participating in the prior carrier's plan. Participation is measured based on the participation level achieved at initial enrollment with Dearborn National. A spouse application does not count toward the Participation Requirement.

Transition of Coverage from Previous Carrier

Most group life carriers have standardized provisions in their contracts that address issues concerning transition from one carrier to another. Each carrier has specific responsibilities to ensure that employees who are not actively at work at the time of the transition do not lose their coverage.

The terminating carrier should retain responsibility for any employee who is disabled on the date of termination, regardless of whether or not the individual is on Waiver of Premium. It is recommended that this issue be discussed with the terminating carrier to verify how persons disabled on the effective date of our policy will be handled.

Actively at Work

- Actively at work requirements will be waived, provided premiums are paid when due, for employees who:
 - Are covered on the day immediately preceding our policy effective date; and
 - Were on lay-off, non-medical leave of absence or sabbatical leave; and who are being provided an extension of benefits with their prior carrier

Coverage will continue for the balance of the time provided for under the prior carrier's policy, but not to exceed 12 months. We do not agree to waive the actively at work provision on other employees.



Prepared for:
City of Lubbock, Texas

Voluntary Short Term Disability

Dearborn National's Group Voluntary Short Term Disability plans help replace lost income should an insured employee become disabled due to an accident or sickness, including pregnancy or complications from pregnancy.

Voluntary Short Term Disability Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

- All Full Time Active Employees Option 2

Age Band	Rates Per \$10 Weekly Benefit Monthly
Below 20	\$0.220
20-24	\$0.222
25-29	\$0.229
30-34	\$0.217
35-39	\$0.209
40-44	\$0.228
45-49	\$0.248
50-54	\$0.309
55-59	\$0.414
60-64	\$0.522
65-69	\$0.534
70-74	\$0.604
75-79	\$0.604
80-84	\$0.604
85-89	\$0.604
90-94	\$0.604
95-99	\$0.604
100 and above	\$0.604



Prepared for:
City of Lubbock, Texas

- All Full Time Active Employees Option 1

Age Band	Rates Per \$10 Weekly Benefit Monthly
Below 20	\$0.286
20-24	\$0.287
25-29	\$0.298
30-34	\$0.281
35-39	\$0.270
40-44	\$0.290
45-49	\$0.313
50-54	\$0.388
55-59	\$0.518
60-64	\$0.653
65-69	\$0.667
70-74	\$0.754
75-79	\$0.754
80-84	\$0.754
85-89	\$0.754
90-94	\$0.754
95-99	\$0.754
100 and above	\$0.754

Rate Guarantee Period: 36 Months

****Quote valid for two months following the proposed effective date***

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the in force carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
City of Lubbock, Texas

Voluntary Short Term Disability Plan Design Summary

Eligibility	All Full Time Active Employees - 2	All Full Time Active Employees -1
Number of Employees	1,906	201
VSTD Weekly Benefit	66.67% of weekly earnings	60% of weekly earnings
Definition of Earnings	Earnings w/Comm	Earnings w/Comm
Average Period	12 Months	12 Months
Maximum Weekly Benefit	\$1,150	\$1,150
Minimum Weekly Benefit	\$25	\$25
Elimination Period		
Injury	7 Days	7 Days
Sickness	7 Days	7 Days
Benefits Begin		
Injury	8 th Day	8 th Day
Sickness	8 th Day	8 th Day
Maximum Period Payable	13 weeks	25 weeks
Benefit Paid	Until LTD Benefits Begin	Until LTD Benefits Begin
Survivor Benefit	3 weeks	3 weeks
Worksite Modification Benefit	Included	Included
Pre-Existing Condition Exclusion	12/12	12/12
Occupational Injury/Sickness	Not Covered	Not Covered
Definition of Disability	Total or Partial Disability	Total or Partial Disability
Partial Disability Earnings Test	80%	80%
Work Incentive Benefit	Included	Included
Policyholder Contribution	0%	0%
Employee Contribution Basis	Post-tax	Post-tax
Participation Requirement	25%	25%
Tax Services	W-2 Printing	W-2 Printing

Enhanced Product Services Offered with Voluntary Short Term Disability

- W-2 Reporting for Claimants
- Telephonic Claim Intake

Underwriting Considerations for Voluntary Short Term Disability

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Unless otherwise requested, Short Term Disability benefit payments will not begin until the employee's compensation payments from the employer, including but not limited to vacation pay, salary continuation or sick leave benefit payments, have ceased.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.

Quote ID: 46495

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Prepared for:
City of Lubbock, Texas

Voluntary Long Term Disability

Dearborn National's Group Voluntary Long Term Disability plans provide long term income replacement security. Programs feature return to work claim management programs focused on personalized claim service.

Voluntary Long Term Disability Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

- All Active Full Time Employees Option 1

Age Band	Rates Per \$100 Monthly Covered Payroll Monthly
Below 20	\$0.140
20-24	\$0.140
25-29	\$0.160
30-34	\$0.170
35-39	\$0.180
40-44	\$0.250
45-49	\$0.310
50-54	\$0.420
55-59	\$0.640
60-64	\$0.790
65-69	\$0.790
70-74	\$0.790
75-79	\$0.790
80-84	\$0.790
85-89	\$0.790
90-94	\$0.790
95-99	\$0.790
100 and above	\$0.790



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- All Active Full Time Employees Option 2

Age Band	Rates Per \$100 Monthly Covered Payroll Monthly
Below 20	\$0.160
20-24	\$0.160
25-29	\$0.180
30-34	\$0.200
35-39	\$0.210
40-44	\$0.280
45-49	\$0.360
50-54	\$0.490
55-59	\$0.740
60-64	\$0.910
65-69	\$0.910
70-74	\$0.910
75-79	\$0.910
80-84	\$0.910
85-89	\$0.910
90-94	\$0.910
95-99	\$0.910
100 and above	\$0.910

Rate Guarantee Period: 36 Months

****Quote valid for two months following the proposed effective date***

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was inforce prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the inforce carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



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Voluntary Long Term Disability Plan Design Summary

Eligibility	All Active Full Time Employees	All Active Full Time Employees
LTD Benefit	60% of monthly earnings	66.67% of monthly earnings
Definition of Earnings	Earnings w/Comm - 1	Earnings w/Comm - 2
Average Period	12	12
Maximum Monthly Benefit	\$5,000	\$5,000
Minimum Monthly Benefit	\$100	\$100
Elimination Period	180 Days	90 Days
Accumulation of Elimination Period	Up to 1/2 the Elimination Period	Up to 1/2 the Elimination Period
Maximum Period Payable	SSNRA	SSNRA
Benefit Integration	Primary and Family	Primary and Family
Own Occupation Period	24 Months with loss of duties and earnings	24 Months with loss of duties and earnings
Partial Disability Income Earnings Test	Included	Included
During Own Occ Period	80%	80%
After Own Occ Period	60%	60%
Pre-Disability Salary Indexing	Greater of 3% or average annual change in CPI-W	Greater of 3% or average annual change in CPI-W
12 Months	12 Months	12 Months
Work Incentive Benefit	Proportionate Loss of Income	Proportionate Loss of Income
Offset Method	12 Months	12 Months
Rehabilitative Incentive Income	Proportionate Loss of Income	Proportionate Loss of Income
Offset Method	12 Months	12 Months
Includes Day Care Benefit		
Expenses Per Child	\$350	\$350
Months	12	12
Mental Disorder Limitation	24 Months	24 Months
Substance Abuse Limitation	No Limitation	No Limitation
Special Conditions Limitation	12 Months	No Limitation
Limitation Basis	Per Lifetime	Per Lifetime
Pre-Existing Condition Exclusion	3/12	3/12
Survivor Benefit	3 Months	3 Months
Worksite Modification Benefit	Greater of 2 times benefit amount or \$1,500	Greater of 2 times benefit amount or \$1,500
Rehabilitation Benefit	5%	5%
Maximum	\$500	\$500
Duration	6 Months	6 Months
Policyholder Contribution	0%	0%
Employee Contribution Basis	Post-tax	Post-tax
Participation Requirement	57%	57%

Enhanced Product Services Offered with Voluntary Long Term Disability

- Disability Resource Services
- W-2 Reporting for Claimants

Underwriting Considerations for Voluntary Long Term Disability

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A



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complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.

- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.

VOLUNTARY INSURANCE BENEFITS COMMUNICATION AND ENROLLMENT STRATEGY

Employers want to provide comprehensive benefit programs to attract and retain valuable employees. Dearborn National has developed a flexible program of Voluntary, employee-funded benefits. By offering a valuable Voluntary program, an employer can significantly enhance its benefit portfolio at no additional cost.

Offering Voluntary benefits to your employees empowers them to select the coverage that meets their needs and the needs of their families. It is important that employees are aware of these benefits and understand their value. This is accomplished with a well-planned Communication and Enrollment strategy. Proper communication of benefits is important to the success of any Group Insurance Plan. It is essential that all insureds have a thorough understanding of exactly what the coverage provides.

Offering of voluntary coverage, also includes the Communication and Enrollment Strategy as outlined here.

☒ EMPLOYER ANNOUNCEMENT LETTER

The group agrees to distribute a letter on its letterhead (paper or electronic) informing employees that the Voluntary benefits will be offered. This correspondence should be distributed three to four weeks before the enrollment.

☒ POSTERS TO RAISE AWARENESS

The group agrees to display awareness posters in gathering areas, cafeterias, break rooms or elevator banks. These posters will create awareness of the upcoming benefit(s) being offered and inform employees where and when they can get more information and attend an enrollment meeting. The posters should be on display two weeks before the enrollment meeting is held.

☒ HOLD ENROLLMENT MEETINGS

Many employees need additional information to make a sound benefits selection. An enrollment meeting provides an opportunity for employees to ask questions and receive answers from a benefit specialist. The group agrees to allow the broker/enroller to conduct informational enrollment meetings.

☒ DISTRIBUTE BENEFIT SUMMARIES

Group-specific Benefit Summaries provide detailed information on available plans, empowering employees to make the best decision for their individual needs. The broker/enroller and group agree to distribute Benefit Summaries to all employees during the enrollment meetings.

Products and services marketed under the Dearborn National® brand and the Star logo are underwritten and/or provided by Dearborn National Life Insurance Company (Dearborn Group, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam, and Puerto Rico.



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We Are Dearborn National

Dearborn National[®] offers a broad selection of insurance and financial products that cover many markets - Voluntary and Employer Paid Group Benefits, Worksite, Individual and a wide array of enhanced product services. We serve groups and individuals, including some of the largest companies and most recognized names in the United States.

A Strong Parent Company

Our parent company, Health Care Service Corporation (HCSC), a Mutual Legal Reserve Company, is the largest non-investor owned health care insurance provider in the United States and the 4th largest overall. To learn more about our family of companies that make up HCSC, please visit www.hcsc.com.

Strong Ratings

The ratings of the Dearborn National companies speak to our commitment to managing our business well and remaining financially strong. Benefit programs in this proposal are underwritten by Dearborn National[®] Life Insurance Company.

Dearborn National[®] Life Insurance Company is rated **A+ (Superior)**¹ by A.M. Best Company and **A+ (Strong)**² by Standard & Poor's for financial strength in it's most recent report.

A National Presence

Through the underwriting companies of Dearborn National[®] Life Insurance Company, Dearborn National[®] Life Insurance Company of New York, and Colorado Bankers Life Insurance Company[®], we are licensed in all 50 states as well as the District of Columbia.

¹ Affirmed December 19, 2013. A.M. Best Company rates the overall financial results of a company using a scale of A++ (Superior) to F (In Liquidation).

² Affirmed November 13, 2013. Standard & Poor's Insurer Financial Strength Rating uses a scale ranging from AAA (Extremely Strong) to R (Experienced Regulatory Action).

Products and services marketed under the Dearborn National[®] brand and the star logo are underwritten and/or provided by Dearborn National[®] Life Insurance Company (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands and Puerto Rico.

Benefit Highlights

Basic Life

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and meet the eligibility requirements indicated in the Plan Design Summary. Insured Persons may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Effective Date

If an insured person is absent from work due to injury or sickness on the last day of work prior to their effective date, the effective date of coverage will be delayed until 12:01 a.m. on the day coinciding with or next following their return to active work for a period of one day.

Guarantee Issue

Life Insurance Amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Conversion

Insureds who terminate employment, or lose a portion of their life coverage, may be able to convert their Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the insureds of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to AD&D or Waiver of Premium amounts.

Portability - Basic Life

If Life coverage ceases for reasons other than retirement, sickness, injury or termination of the policy, eligible insured persons can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the insured reaches the maximum age indicated in the plan design summary.

Accelerated Benefits

Insureds who are diagnosed as being terminally ill can access a portion of their life insurance benefits while they are alive. The insured can accelerate a percentage of their life insurance amount, up to the maximum amount, as indicated in the Plan Design Summary. If life insurance benefits are subject to age reductions within 12 months of receiving proof of terminal illness, the accelerated death benefit will reduce accordingly. The minimum amount that can be accelerated and the definition of Terminally Ill are shown in the Additional Plan Features.

Waiver of Premium

We will continue coverage for insureds who become totally disabled and complete the Elimination Period shown on the Plan Design Summary. Life Insurance will be extended to the age as indicated in the Plan Design Summary, with no premium charge. The onset of the disability must occur before the insured reaches the age indicated in the Additional Plan Features and they must meet the definition of disability for the entire elimination period. The amount of insurance extended will be the amount of Life Insurance in force immediately prior to the date of the Total Disability. This amount is subject to any reductions under the policy.



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Limitations and Exclusions

Supplemental Life benefits, including Waiver of Premium, are not payable for a loss which is caused by a suicide or attempted suicide within one year of the effective date of coverage.

Termination of Coverage

The insured's life insurance will terminate on the earliest of the following dates:

- The date the policy is terminated;
- The date the insured stops making any required contribution toward payment of premiums;
- The date the insured is no longer a member of an eligible class;
- The date the insured requests termination of coverage.
- The date the insured is no longer covered as a result of a disability, layoff, leave of absence, sabbatical or military leave.

Extension of Coverage

If an employee is no longer Actively at Work as a result of a disability, layoff, leave of absence, sabbatical or military duty, they may be able to continue to be eligible for group Life insurance coverage as follows:

Disability - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Layoff - Until the end of the month following the period indicated in the Additional Plan Features after which the layoff began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Leave of Absence - Until the end of the month following the period indicated in the Additional Plan Features after which the leave of absence began or the period of time in accordance with FMLA, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Sabbatical - Until the end of the month following the period indicated in the Additional Plan Features after which the sabbatical began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Military Leave - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Extension of Coverage for FMLA Leave

If an insured is eligible for and receives approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state, family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- The leave period permitted by FMLA and any amendments; or
- The leave period permitted by applicable state law.

Transition of Coverage from a Previous Carrier

As an established group life insurance carrier, it has been our experience that most carriers have standardized procedures when it comes to determining responsibility for employee transition situations.

Our position has been that the terminating carrier is responsible for anyone who was insured under their contract, but is disabled and does not meet the requirements of becoming



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insured under our contract. This person may or may not be eligible for Waiver of Premium under the prior policy.

It is our recommendation that this issue be discussed with the terminating carrier to identify any insured's who may not be eligible for coverage on the effective date of our policy. While awaiting the decision of the terminating carrier, it is recommended that the impacted employee apply for conversion.

We will cover any eligible insureds who may be on vacation, leave of absence, observing a holiday, etc. on the effective date of our policy.



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Basic Accidental Death and Dismemberment

Accidental Death and Dismemberment (AD&D) plan pays an additional benefit when a covered insured loses their life, or a limb due to an accident. Benefits are paid based on the following schedule.

AD&D SCHEDULE OF LOSSES	BENEFIT AMOUNT
Loss of Life	100%
Loss of Both Hands or Both Feet	100%
Loss of One Hand and One Foot	100%
Loss of Speech and Hearing	100%
Loss of Sight of Both Eyes	100%
Loss of One hand and the Sight of One Eye	100%
Loss of One Foot and the Sight of One Eye	100%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Loss of Sight of One Eye	50%
Loss of One Hand or One Foot	50%
Loss of Speech or Hearing	50%
Loss of Thumb and Index Finger of Same Hand	25%
Uniplegia	25%

The following additional benefits are included with our Accidental Death & Dismemberment plan. For amount and availability of benefits, please refer to the Plan Design Summary.

Seat Belt Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while wearing a properly worn seat belt.

Air Bag Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while seated in a seat containing a factory installed air bag.

Education Benefit

Pays an additional benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, if a covered insured dies in an accident and has qualified dependent children attending a school of higher learning. The benefit is payable for each insured child and up to four annual payments.

Repatriation

If a covered insured dies as a result of an accident more than 75 miles from their principal place of residence, the benefit pays the actual costs, up to the maximum amount indicated in the Plan Design Summary, for the preparation and transportation of the insured employee's body back to their home.

Day Care Benefit

If a covered insured dies as the result of an accident, a day care benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, is payable for



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reimbursement of eligible day care expenses for each qualified dependent enrolled in a licensed day care facility. The benefit is payable each year up a maximum five years.

Spouse Training Benefit

If a covered insured dies as the result of an accident, a benefit is payable to the insured's spouse to cover their cost of education, up to the maximum amount indicated in the Plan Design Summary, if they enroll in a school of higher learning within one year of the insured's death.

Coma Benefit

If a covered insured is injured in an accident, becomes comatose within 31 days of the accident, and remains comatose for a period of at least 60 days, we will pay a percentage of the insured's benefit amount, on a monthly basis. The percentage, monthly maximum and number of months are as indicated in the Plan Design Summary.

Reduction Schedule

Benefits reduce according to the schedule indicated in the Plan Design Summary. All reduction percentages are from the original amount.

Exclusions

Unless specifically covered in the policy, or required by state law, we will not pay any AD&D benefit for any loss that, directly or indirectly, results in any way from or is contributed to by:

- Disease of the mind or body, or any treatment thereof;
- Infections, except those from an accidental cut or wound;
- Suicide or attempted suicide;
- Intentionally self-inflicted injury;
- War or act of war;
- Travel or flight in any aircraft while a member of the crew;
- Commission of or participation in a felony;
- Under the influence certain drugs, narcotics or hallucinogens unless properly used as prescribed by a physician;
- Intoxication as defined in the jurisdiction where the accident occurred;
- Participation in a riot.



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Enhanced Product Services Included with Group Term Life

Beneficiary Resource Services™: A Wellness Plan for Life

When a loved one dies, families often face complex issues ranging from estate planning, legal questions, funeral planning, coping with grief and financial uncertainties. That's why Dearborn National offers Beneficiary Resource Services, a program that combines family wellness and security at the most difficult of times. Services include grief and financial counseling, funeral planning, legal support as well as online will preparation. Beneficiary Resource Services is provided by Bensinger, DuPont & Associates (BDA).

Services for insureds and their families.

Online Will Preparation- A will is one of the most important documents every adult should have, and creating one has never been easier. Insureds and their families will have access to a full legal library with many estate planning documents, including an online will. Insureds can create their own wills online in a safe and secure way, right from their homes. The will can be saved and updated as family situations change. Creating a will provides security and peace of mind for several reasons:

- Appoints a guardian for children
- Controls where property and assets go
- Provides family security
- Without one, the state can make these decisions

Funeral Planning - Insureds and beneficiaries have access to an online funeral planning site that features a variety of helpful tools and information, such as:

- A downloadable funeral planning guide for insureds to document vital information their loved ones will need when making final arrangements
- Calculators to estimate and compare expenses for various types of funeral arrangements
- Information on funeral requirements and various religious customs
- Directories to locate funeral homes and cemeteries in the insured's area

Services for beneficiaries (and their families) after a death claim or for those that qualify for an accelerated death benefit

Unlimited Phone Contact - Available for up to one year with a grief counselor, legal advisor or financial planner.

Face-to-Face Working Sessions* - Five face-to-face working sessions are available to the insured person or beneficiary. All five sessions may be used with one grief counselor or legal advisor, or they may be split among the two types of counselors or advisors in geographically accessible locations. A one-hour financial consultation on the phone is also available.

**May include face-to-face sessions, over-the-phone sessions or time taken for research or document preparation.*

Referrals and Support Services - BDA maintains a comprehensive directory of qualified and accessible grief counselors and legal and financial consultants.

Follow Up - Counselors will initiate follow-up calls when necessary for up to one full year from the date of initial contact.



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BDA's nationwide network of experienced professionals can offer counseling for individuals facing difficult emotional, financial or legal issues. BDA's counselors are available 24 hours a day, 365 days a year. All calls are completely confidential.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

To provide the support people need while traveling on business or pleasure, we provide Travel Resource Services², a program that assists travelers if the unexpected happens.

Services are available to insureds and their families traveling 100 or more miles from their primary residence, and include:

- Medical Search and Referral
- Medical Evacuation/Return Home
- Dependent Children Assistance
- Return of Mortal Remains
- Medical Monitoring
- Traveling Companion Assistance
- Visit by Family Member/Friend
- Replacement of Medication and Eyeglasses
- Emergency Message Relay
- Emergency Cash
- Legal Assistance/Bail
- Pre-Trip Information
- Emergency Travel Arrangements
- Locating Lost or Stolen Items
- Interpretation/Translation

¹ Travel Assistance Services are provided to groups with 50 or more employees; Not available in all states.

² We contract with Europ Assistance USA, Inc. to provide the Travel Resource Services. We do not provide any part of the Travel Resource Services.

Additional Plan Features

Basic Life	All Eligible Active Employees	All Retireed Employees who retireed on or after December 1, 1995	All Retireed Employees who retireed on or after April 1, 1988 but before December 1, 1995	All Retireed Employees who retireed on or after January 1, 1974 but before April 1, 1988
Option	Current Plan	Current Plan	Current Plan	Current Plan
Waiver of Premium - Definition of Disability	Any Occupation	Not Applicable	Not Applicable	Not Applicable
Waiver of Premium - Maximum Qualifying Age	60	Not Applicable	Not Applicable	Not Applicable
Waiver of Premium - Specific Conditions Benefit	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Definition of Disability	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Maximum Qualifying Age	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Duration	Not Applicable	Not Applicable	Not Applicable	Not Applicable
FMLA Extension	Included	Included	Included	Included
Extension				
Disability	12th Month	12th Month	12th Month	12th Month
Layoff	Next month	Next month	Next month	Next month
Leave	Next month	Next month	Next month	Next month
Sabbatical	6th Month	6th Month	6th Month	6th Month
Military Leave	12th Month	12th Month	12th Month	12th Month
Accelerated Death - Minimum	\$15,000	Not Applicable	Not Applicable	Not Applicable
Accelerated Death Benefit - Definition of Terminal Illness	12 Months	Not Applicable	Not Applicable	Not Applicable

Benefit Highlights

Voluntary Life

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and meet the eligibility requirements indicated in the Plan Design Summary. Insured Persons may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Effective Date

If an insured person is absent from work due to injury or sickness on the last day of work prior to their effective date, the effective date of coverage will be delayed until 12:01 a.m. on the day coinciding with or next following their return to active work for a period of one day.

Guarantee Issue

Voluntary Life Insurance Amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Conversion

Insureds who terminate employment, or lose all or a portion of their coverage for other reasons may be able to convert all or a portion of their Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the insureds of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to AD&D or Waiver of Premium amounts.

Portability

If Voluntary Life coverage ceases for reasons other than retirement, sickness, injury or termination of the policy, eligible insured persons can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the insured reaches the maximum age indicated in the plan design summary.

Accelerated Benefits

Insureds who are diagnosed as being terminally ill can access a portion of their life insurance benefits while they are alive. The insured can accelerate a percentage of their life insurance amount, up to the maximum amount, as indicated in the Plan Design Summary. If life insurance benefits are subject to age reductions within 12 months of receiving proof of terminal illness, the accelerated death benefit will reduce accordingly. The minimum amount that can be accelerated and the definition of Terminally Ill are shown in the Additional Plan Features.

Waiver of Premium

We will continue coverage for insureds who become totally disabled and complete the Elimination Period shown on the Plan Design Summary. Voluntary Life Insurance will be extended to the age as indicated in the Plan Design Summary, with no premium charge. The onset of the disability must occur before the insured reaches the age indicated in the Additional Plan Features and they must meet the definition of disability for the entire elimination period. The amount of insurance extended will be the amount of Life Insurance



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in force immediately prior to the date of the Total Disability. This amount is subject to any reductions under the policy.

Consolidated Claim Management for Life and Long Term Disability

For those insured under our Life and Long Term Disability programs, we have a seamless claim process for filing claims for Waiver of Premium and Long Term Disability. The claimant simply completes one claim form, and we handle the rest.

Reduction of Benefits

The Insured's Voluntary life insurance amount will reduce upon reaching the ages as indicated in the Plan Design Summary. All reduction percentages are calculated from the original amount.

Limitations and Exclusions

Voluntary Life benefits, including Waiver of Premium, are not payable for a loss which is caused by a suicide or attempted suicide within one year of the effective date of coverage.

Termination of Coverage

The insured's Voluntary life insurance will terminate on the earliest of the following dates:

- The date the policy is terminated;
- The date the insured stops making any required contribution toward payment of premiums;
- The date the insured is no longer a member of an eligible class, requests termination of coverage.
- The date the insured is no longer covered as a result of a disability, layoff, leave of absence, sabbatical or military leave.

Extension of Coverage

If an employee is no longer Actively at Work as a result of a disability, layoff, leave of absence, sabbatical or military duty, they may be able to continue to be eligible for Voluntary Life insurance coverage as follows:

Disability - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Layoff - Until the end of the month following the period indicated in the Additional Plan Features after the layoff began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Leave of Absence - Until the end of the month following the period indicated in the Additional Plan Features after which the leave of absence began or the period of time in accordance with FMLA, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Sabbatical - Until the end of the month following the period indicated in the Additional Plan Features after the sabbatical began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Military Leave - Until the end of the month following period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.



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Extension of Coverage for FMLA Leave

If an insured is eligible for and receives approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state, family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- The leave period permitted by FMLA and any amendments; or
- The leave period permitted by applicable state law.

Transition of Coverage from a Previous Carrier

As an established group life insurance carrier, it has been our experience that most carriers have standardized procedures when it comes to determining responsibility on employee transition situations.

Our position has been that the terminating carrier is responsible for anyone who was insured under their contract, but is disabled and does not meet the requirements of becoming insured under our contract. This person may or may not be eligible for Waiver of Premium under the prior policy.

It is our recommendation that this issue be discussed with the terminating carrier to identify any insured's who may not be eligible for coverage on the effective date of our policy. While awaiting the decision of the terminating carrier, it is recommended that the impacted employee apply for conversion.

We will cover any eligible insureds who may be on vacation, leave of absence, observing a holiday, etc. on the effective date of our policy.



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Voluntary Accidental Death and Dismemberment

Our Voluntary Accidental Death and Dismemberment (AD&D) plan pays an additional benefit when a covered insured loses their life, or a limb due to an accident. Benefits are paid based on the following schedule.

AD&D SCHEDULE OF LOSSES	BENEFIT AMOUNT
Loss of Life	100%
Loss of Both Hands or Both Feet	100%
Loss of One Hand and One Foot	100%
Loss of Speech and Hearing	100%
Loss of Sight of Both Eyes	100%
Loss of One Hand and the Sight of One Eye	100%
Loss of One Foot and the Sight of One Eye	100%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Loss of Sight of One Eye	50%
Loss of One Hand or One Foot	50%
Loss of Speech or Hearing	50%
Loss of Thumb and Index Finger of Same Hand	25%
Uniplegia	25%

The following additional benefits are included with our Accidental Death & Dismemberment plan. For amount and availability of benefits, please refer to the Plan Design Summary.

Seat Belt Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while wearing a properly worn seat belt.

Air Bag Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while seated in a seat containing a factory installed air bag.

Education Benefit

Pays an additional benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, if a covered insured dies in an accident and has qualified dependent children attending a school of higher learning. The benefit is payable for each insured child and up to four annual payments.

Repatriation

If a covered insured dies as a result of an accident more than 75 miles from their principal place of residence, the benefit pays the actual costs, up to the maximum amount indicated in the Plan Design Summary, for the preparation and transportation of the insured employee's body back to their home.

Day Care Benefit

If a covered insured dies as the result of an accident, a day care benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, is payable for



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reimbursement of eligible day care expenses for each qualified dependent enrolled in a licensed day care facility. The benefit is payable each year up a maximum five years.

Spouse Training Benefit

If a covered insured dies as the result of an accident, a benefit is payable to the insured's spouse to cover their cost of education, up to the maximum amount indicated in the Plan Design Summary, if they enroll in a school of higher learning within one year of the insured's death.

Common Disaster Benefit

If a covered insured dies as the result of an accident, and their insured spouse dies in the same accident, or separate accidents occurring within 24 hours of each other, we will increase the insured spouse's benefit to equal the benefit of the insured, up to the maximum amount shown in the Plan Design Summary.

Coma Benefit

If a covered insured is injured in an accident, becomes comatose within 31 days of the accident, and remains comatose for a period of at least 60 days, we will pay a percentage of the insured's benefit amount, on a monthly basis. The percentage, monthly maximum and number of months are as indicated in the Plan Design Summary.

Reduction Schedule

Benefits reduce according to the schedule indicated in the Plan Design Summary. All reduction percentages are from the original amount.

Exclusions

Unless specifically covered in the policy, or required by state law, we will not pay any AD&D benefit for any loss that, directly or indirectly, results in any way from or is contributed to by:

- Disease of the mind or body, or any treatment thereof;
- Infections, except those from an accidental cut or wound;
- Suicide or attempted suicide;
- Intentionally self-inflicted injury;
- War or act of war;
- Travel or flight in any aircraft while a member of the crew;
- Commission of or participation in a felony;
- Under the influence certain drugs, narcotics or hallucinogens unless properly used as prescribed by a physician;
- Intoxication as defined in the jurisdiction where the accident occurred;
- Participation in a riot.

Voluntary Dependent Life Insurance

Dependent Effective Date of Coverage

If the insured meets the effective date requirements, then the dependents are eligible for coverage unless confined to a hospital. If hospitalized dependent coverage will become effective on the date the eligible dependent is no longer hospital confined.

Spouse Coverage

A covered spouse, which includes Domestic Partners where permitted, will be covered for the amount indicated in the Plan Design Summary.

In order for a spouse to be covered, the eligible insured person must also be covered. A spouse cannot be insured for more than 100% of the amount the insured person is eligible for.

Spouse Guarantee Issue

Spouse amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Dependent Child Coverage

Eligible Dependent Children will be covered for the amounts as indicated in the Plan Design Summary. Dependent children are covered until reaching the ages indicated in the Plan Design Summary.

Portability

If Voluntary Life coverage ceases for reasons other than the employees retirement or termination of the policy, eligible insured dependents can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the spouse reaches the maximum age indicated in the plan design summary.

Conversion

Dependents whose coverage terminates may be able to convert their Voluntary Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the dependents of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to amounts.

Termination of Dependent Life Insurance

Dependent Life insurance will end on the earliest of the following:

- The date the insured person is no longer covered under the policy;
- The date the Policy is terminated;
- The date any required premiums cease to be paid; or
- The date the dependent is no longer an eligible dependent under the policy.



Prepared for:
City of Lubbock, Texas

Enhanced Product Services Included with Group Term Life

Beneficiary Resource Services™: A Wellness Plan for Life

When a loved one dies, families often face complex issues ranging from estate planning, legal questions, funeral planning, coping with grief and financial uncertainties. That's why Dearborn National offers Beneficiary Resource Services, a program that combines family wellness and security at the most difficult of times. Services include grief and financial counseling, funeral planning, legal support as well as online will preparation. Beneficiary Resource Services is provided by Bensinger, DuPont & Associates (BDA).

Services for insureds and their families.

Online Will Preparation- A will is one of the most important documents every adult should have, and creating one has never been easier. Insureds and their families will have access to a full legal library with many estate planning documents, including an online will. Insureds can create their own wills online in a safe and secure way, right from their homes. The will can be saved and updated as family situations change. Creating a will provides security and peace of mind for several reasons:

- Appoints a guardian for children
- Controls where property and assets go
- Provides family security
- Without one, the state can make these decisions

Funeral Planning - Insureds and beneficiaries have access to an online funeral planning site that features a variety of helpful tools and information, such as:

- A downloadable funeral planning guide for insureds to document vital information their loved ones will need when making final arrangements
- Calculators to estimate and compare expenses for various types of funeral arrangements
- Information on funeral requirements and various religious customs
- Directories to locate funeral homes and cemeteries in the insured's area

Services for beneficiaries (and their families) after a death claim or for those that qualify for an accelerated death benefit

Unlimited Phone Contact - Available for up to one year with a grief counselor, legal advisor or financial planner.

Face-to-Face Working Sessions* - Five face-to-face working sessions are available to the insured person or beneficiary. All five sessions may be used with one grief counselor or legal advisor, or they may be split among the two types of counselors or advisors in geographically accessible locations. A one-hour financial consultation on the phone is also available.

**May include face-to-face sessions, over-the-phone sessions or time taken for research or document preparation.*

Referrals and Support Services - BDA maintains a comprehensive directory of qualified and accessible grief counselors and legal and financial consultants.

Follow Up - Counselors will initiate follow-up calls when necessary for up to one full year from the date of initial contact.



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BDA's nationwide network of experienced professionals can offer counseling for individuals facing difficult emotional, financial or legal issues. BDA's counselors are available 24 hours a day, 365 days a year. All calls are completely confidential.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

To provide the support people need while traveling on business or pleasure, we provide Travel Resource Services², a program that assists travelers if the unexpected happens.

Services are available to insureds and their families traveling 100 or more miles from their primary residence, and include:

- Medical Search and Referral
- Medical Evacuation/Return Home
- Dependent Children Assistance
- Return of Mortal Remains
- Medical Monitoring
- Traveling Companion Assistance
- Visit by Family Member/Friend
- Replacement of Medication and Eyeglasses
- Emergency Message Relay
- Emergency Cash
- Legal Assistance/Bail
- Pre-Trip Information
- Emergency Travel Arrangements
- Locating Lost or Stolen Items
- Interpretation/Translation

¹ Travel Assistance Services are provided to groups with 50 or more employees; Not available in all states.

² We contract with Europ Assistance USA, Inc. to provide the Travel Resource Services. We do not provide any part of the Travel Resource Services.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

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Additional Plan Features

Voluntary Life	All Eligible Active Employees	All Retiree Employees
Option	Current Plan	Current Plan
Waiver of Premium - Definition of Disability	Any Occupation	Not Applicable
Waiver of Premium - Maximum Qualifying Age	60	Not Applicable
Waiver of Premium - Specific Conditions Benefit	Not Applicable	Not Applicable
Extended Insurance Benefit - Definition of Disability	Not Applicable	Not Applicable
Extended Insurance Benefit - Maximum Qualifying Age	Not Applicable	Not Applicable
Extended Insurance Benefit - Duration	Not Applicable	Not Applicable
FMLA Extension	Included	Included
Extension		
Disability	12th Month	12th Month
Layoff	Next month	Next month
Leave	Next month	Next month
Sabbatical	6th Month	6th Month
Military Leave	12th Month	12th Month
Accelerated Death - Minimum	\$15,000	Not Applicable
Accelerated Death Benefit - Definition of Terminal Illness	12 Months	Not Applicable

Benefit Highlights

Voluntary Short Term Disability Insurance

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and regularly working the minimum number of hours as agreed. Employees may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Elimination Period

Elimination Period is the period of time from the onset of disability until benefits begin. The elimination period is indicated in the Plan Design Summary. Unless otherwise indicated, benefits begin upon exhaustion of all other sick leave, vacation, PTO or other salary continuation plans.

Total Disability is not required during the elimination period and can be satisfied with days of Partial or Total Disability. Additionally, there is no earnings loss requirement during the elimination period.

Trial Work Day Period

To encourage employees to return to work, employees may attempt to return to work full-time during their elimination period, without being required to restart the elimination period. Employees can temporarily return to work for a period of up to ½ the elimination period, maximum 14 days, and not have to begin their elimination period again if they stop working due to the same condition.

Maximum Period Payable

Voluntary STD benefits are payable for the complete number of weeks indicated on the Plan Design Summary, or until LTD benefits are payable, whichever occurs first. The Maximum Period shown does not include the elimination period.

Survivor Benefit

If a disabled employee dies after receiving disability benefits for more than three consecutive weeks, we will pay the beneficiary of the disabled employee a lump sum benefit equal to the amount shown in the Plan Design Summary.

Worksite Modification Benefit

This benefit assists in covering the cost of modifying the disabled employee's worksite to allow that employee to return to work. Once all parties agree on the modification to be performed, we will reimburse the employer the actual cost of the modification, up to the greater of two times the employee's weekly benefit, or \$1,500, unless otherwise indicated.

Pre-Existing Condition Limitation

Benefits are not payable for disability caused by conditions that existed on the employee's effective date as indicated below:

- A sickness or injury for which the employee received medical treatment, or advice was rendered, prescribed or recommended whether or not the sickness was diagnosed at all or within the number of months shown in the Plan Design Summary prior to the employee's effective date, and
- Begins within the number of months shown in the Plan Design Summary of the employee's effective date.

Definition of Disability

Disabled means that the employee is Totally Disabled or Partially Disabled due to an injury or sickness. The employee must be under the regular care of a doctor who is appropriate for the disabling condition. Loss of professional license or certification does not in and of itself mean the employee is Disabled.

Total Disability

To be considered Totally Disabled, the insured must be unable to perform the material and substantial duties of their regular occupation and have a loss of income.

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Partial Disability

To be considered Partially Disabled, the insured must have suffered an injury or sickness, is able to perform some but not all of the material and substantial duties of their regular occupation, and as a result is earning between 20% and the percentage of their pre-disability income indicated in the Plan Design Summary.

Work Incentive Benefit

If the employee meets the definition of Partial Disability, they are eligible to receive a Work Incentive Benefit.

To encourage disabled employees to return to work in some capacity, we standardly offer a Work Incentive Benefit on all Voluntary STD contracts.

The Work Incentive Benefit pays the full monthly benefit as long as the combination of the benefit plus earnings does not exceed 100% of their pre-disability income.

If benefits are due for a period of less than one week, payments will be made at a daily rate of 1/7th of the weekly benefit.

Extension of Coverage for FMLA Leave

If an insured employee is eligible for and received approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- The leave period permitted by FMLA and any amendments; or
- The leave period permitted by applicable state law.

Exclusions

- Loss of professional license, occupational license or certification;
- Pre-Existing condition;
- Commission of, participation in, or an attempt to commit an assault or felony;
- Intentionally self-inflicted injuries;
- Attempted suicide, regardless of mental capacity;
- Cosmetic surgery, except when required due to injury or sickness
- Occupational injury or sickness
- Participation in a war, declared or undeclared, or any act of war



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Enhanced Product Services Included with Voluntary Short Term Disability Insurance

Telephonic Claim Reporting

To streamline Voluntary STD claim intake, we offer a telephonic claim intake process. To initiate the claim, the employee calls us toll-free and answers a few simple questions. After the claim number is assigned and medical record release authorization is obtained, we contact the employer and physician as needed.

Online Claim Status

Through our Benefits Manager web portal, employers have online access to Voluntary STD claim information. Two reports are available - Pending Disability Claim Report includes new claims awaiting evaluation, claims awaiting payment, and claims in the appeal process. Experience Disability Claim Report includes claims on which payments have been made and are still open, closed, or in the appeal process.

W-2 Reporting

Upon request, we will prepare and mail W-2 Wage and Tax Statements to employees at no additional charge to the employer. If we have agreed to pay the employer's share of FICA taxes, we will prepare and mail W-2 Wage and Tax Statements. We prepare W-2 Wage and Tax Statements using the applicable insuring company's federal tax identification number.

A signed FICA Match / W2 Tax Agreement is required on all disability cases.

Benefit Highlights

Voluntary Long Term Disability Insurance

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and regularly working the minimum number of hours as agreed. Employees may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Elimination Period

Elimination Period is the period of time from the onset of disability until benefits begin. The elimination period is indicated in the Plan Design Summary.

Total Disability is not required during the elimination period and can be satisfied with days of Partial or Total Disability. Additionally, there is no earnings loss requirement during the elimination period

Trial Work Day Period

To encourage employees to return to work, employees may attempt to return to work full-time during their elimination period, without being required to restart the elimination period. Employees can temporarily return to work for a period up to 1/2 the elimination period and do not have to begin their elimination period again if they stop working due to the same condition.

Maximum Period Payable

Voluntary Long Term Disability Benefits are payable based on the following schedule.

Social Security Normal Retirement Age (SSNRA)

The maximum period of payment will be determined according to the following table:

<u>Age When Disability Begins</u>	<u>Maximum Period Payable</u>
Less than age 60	To Social Security Normal Retirement Age (SSNRA)
Age 60	60 months or to SSNRA, whichever is greater
Age 61	48 months or to SSNRA, whichever is greater
Age 62	42 months or to SSNRA, whichever is greater
Age 63	36 months or to SSNRA, whichever is greater
Age 64	30 months or to SSNRA, whichever is greater
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and over	12 months

Definition of Disability

Disabled means that the employee is Totally Disabled or Partially Disabled due to an injury or sickness. The employee must be under the regular care of a doctor who is appropriate for the disabling condition. Loss of professional license or certification does not in and of itself mean the employee is Disabled.

Total Disability

During the Own Occupation Period as indicated in the Plan Design Summary, Totally Disabled means the insured must be unable to perform the material and substantial duties of their regular occupation and/or* have disability earnings less than 20% of their pre-disability income.



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After the own occ period, Totally Disabled means the insured must be unable to engage in any gainful occupation and/or* have disability earnings less than 20% of their pre-disability income.

** See Plan Design Summary for class specifics*

Partial Disability

During the Own Occupation Period as indicated in the Plan Design Summary, Partially Disabled means the insured must have suffered an injury or sickness and as a result is earning between 20% and the percentage of their pre-disability income as indicated in the Plan Design Summary. Following the own occupation period, Partially Disabled means the insured is gainfully employed and earning between 20% and the percentage of their pre-disability income indicated in the Plan Design Summary.

During the elimination period, there does not need to be a loss of income to be considered either Partially or Totally Disabled.

Recurrent Disability

If disability for which benefits were payable ends but recurs due to the same or related causes less than 6 months after the end of a prior disability, it will be considered a resumption of the prior disability. Such recurrent disability shall be subject to the provisions of the policy that were in effect at the time the prior disability began.

Disability which recurs more than 6 months after the end of a prior disability is subject to:

- A new Elimination Period;
- A new Maximum Period Payable; and
- The other provisions of the policy that are in effect on the date the disability recurs.

Disability must recur while the employee's coverage is in force under the policy.

Voluntary LTD Monthly Benefit

If the employee meets the definition of Total Disability, they are eligible to receive a Voluntary LTD Monthly Benefit.

Work Incentive Benefit

If the employee meets the definition of Partial Disability, they are eligible to receive a Work Incentive Benefit.

To encourage disabled employees to return to work in some capacity, a Work Incentive Benefit is offered to all Partially Disabled employees.

For the number of months indicated in the Plan Design Summary, we will pay the full monthly benefit as long as the combination of the benefit plus earnings does not exceed 100% of their indexed pre-disability income.

After this period, our benefit will be calculated by multiplying the benefit times the adjusted loss of salary ratio.

Rehabilitative Incentive Income

A unique standard feature of the Voluntary LTD contract is the Rehabilitation Incentive Income feature. If we identify a partially disabled employee as a candidate for a rehabilitation program, we will work with them to structure a voluntary rehabilitation plan that assists the employee in returning to employment. The Plan details the vocational rehabilitation services available to the employee.

While the employee is participating in a voluntary rehabilitation plan, and continues to meet the obligations of the program, we will allow the employee to retain a combination of benefits and disability income in excess of 100% of their indexed pre-disability income, for 12 months.

After 12 months, we will offset the Voluntary LTD benefit by multiplying the benefit times the adjusted loss of salary ratio.



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Pre-Existing Condition Exclusion

Benefits are not payable for a disability caused by a condition that existed on the employee's effective date as indicated below:

- A sickness or injury for which the employee received medical treatment, or advice was rendered, prescribed or recommended whether or not the sickness was diagnosed at all or misdiagnosed within the number of months prior to the employee's effective date as indicated in the Plan Design Summary, and
- The condition results in a Disability that begins within the number of months after the employee's effective date as indicated in the Plan Design Summary .

Continuity of Coverage (No Loss/No Gain)

If an employee was insured under the prior policy on the day before this policy's effective date due to a continuance or extension of coverage, the employee may have limited coverage under this policy even if they do not satisfy the actively at work requirement. Coverage will be extended to the earlier of the end of the month the employee becomes actively at work, end of any extension period under the prior policy, or the date coverage would otherwise end under this policy.

If an employee becomes disabled due to a pre-existing condition, benefits may be payable under our policy if the employee was insured for Voluntary LTD with the prior carrier, and was insured at the time coverage changed to our policy, and remained insured under this policy.

For benefits to be payable, the employee must satisfy the pre-existing condition exclusion under either our policy, or the prior policy if benefits would have been payable had the prior plan remained in place.

The benefit payable will be the lesser of the monthly benefit payable under the prior plan or the monthly benefit under our plan.

Mental and Nervous Disorder Limitation

Disabilities due to Mental and/or Nervous disorders are limited to the number of months shown in the Plan Design Summary, unless the disabled employee is confined to a facility licensed for the treatment of Mental and Nervous disorders.

Special Conditions Limitation

Disabilities due to condition identified as a Special Condition are limited to the number of months shown in the Plan Design Summary, unless the disabled employee is confined to a licensed medical facility licensed to provide treatment for the disabled employee's condition. Special Conditions include but are not limited to musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles.

The lifetime cumulative maximum period payable for all disabilities due to a mental disorder, substance abuse or special conditions is indicated in the Plan Design Summary. Only that period of benefits will be paid for any combination of such disabilities even if the disabilities are not continuous or not related.

Worksite Modification Benefit

This benefit assists in covering the cost of modifying the disabled employee's worksite to allow that employee to return to work. Once all parties agree on the modification to be performed, We will reimburse the employer the actual cost of the modification, up to the amount shown in the Plan Design Summary.

Survivor Income Benefit

If a disabled employee dies after having been disabled for a minimum of 90 or more consecutive days and was receiving benefits under the policy, we will pay a lump sum benefit equal to the number of months of benefit as indicated in the Plan Design Summary.

Day Care Expense Benefit

To assist employees taking advantage of our Rehabilitative Incentive Income feature, we offer Day Care Expense Benefits. This benefit reimburses claimants for any day care



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expenses they may incur for children under age 13 while participating in the rehabilitation program. The benefit pays up to the amount indicated in the Plan Design Summary, to an overall monthly maximum of \$1,000.

Rehabilitation Benefit

If the disabled employee is participating in a formal rehabilitation plan while receiving benefits, we will pay an additional monthly benefit equal to the percentage of their benefit indicated in the Plan Design Summary, up to the amount indicated. This additional benefit is payable for a maximum of the number of months indicated in the Plan Design Summary.

Extension of Coverage for FMLA Leave

If an insured employee is eligible for and received approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- The leave period permitted by FMLA and any amendments; or
- The leave period permitted by applicable state law.

EXCLUSIONS

The policy does not cover any loss or Disability caused by, resulting from, arising out of or substantially contributed, directly or indirectly, to by any one or more of the following:

- A Pre-Existing Condition
- Commission of, participation in, or an attempt to commit an assault or felony;
- Intentionally Self-Inflicted Injuries;
- Participation in a war, declared or undeclared;
- Active military duty;
- Active Participation in a Riot;
- Commission of a Felony for which the insured has been convicted.



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Enhanced Product Services Included with Voluntary Long Term Disability Insurance

Disability Resource Services - Telephonic and Face-to-Face Support for Behavioral Health Issues

Provided to all groups with Long-Term Disability coverage:

- 24 Hour telephonic support (for all Long-Term Disability insureds) for behavioral health issues. A staff of master degree clinicians is available to provide each caller with assessment, counseling and referral advice for face-to-face counseling. Offered at no additional charge, these services enhance the value of an employee benefit program while helping to manage employee productivity and minimize absences.
- Face-to-face counseling. Up to 3 face-to-face counseling sessions per year to address appropriate behavioral health issues.
- Guidance Resources ® Online is a secure, password-protected interactive Web site that contains self-assessments, search tools, extensive content on personal health and powerful tools to help with personal, relational, legal, health and financial concerns. This service is free of charge to you, your insured employees and their families. Assistance through Guidance Resources ® Online is available 24 hours a day, 7 days a week.

Enhanced Employee Assistance Programs (EAPs) are available. Contact your Dearborn National representative for more information.

Guidance Resources ® Online and Employee Assistance Programs (EAPs) are made available through ComPsych ®, a worldwide leader in EAPs, managed behavioral health, work-life services, crisis intervention and Human Resources support services.

Checklist

x	The Request for Proposal Form <u>MUST</u> be completed
x	Clearly mark the RFP number, title, due date and time, and your company name and address on the outside of the sealed envelope or container.
x	Submit original and three (3) copies of the proposal.
x	Completed and signed the Insurance Affidavit.
x	Completed and signed SUSPENSION AND DEBARMENT CERTIFICATION. Please include Company Federal TAX ID number or Social Security number.
x	Completed and signed the Non-Collusion Affidavit.

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Strength. Independence. Solutions.

GROUP BENEFITS PROPOSAL

Prepared for

City of Lubbock, Texas

Proposal valid for two months following October 01, 2014

DEARBORN NATIONAL
SALES REPRESENTATIVE:

Jeff Jay
214.334.6918
jeff_jay@bcbstx.com

Visit us at: www.dearbornnational.com

Underwritten by Dearborn National[®] Life Insurance Company

Products and services marketed under the Dearborn National[®] brand and the star logo are underwritten and/or provided by Dearborn National[®] Life Insurance Company; (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.



Prepared for:
City of Lubbock, Texas

Group Life and Accidental Death and Dismemberment Insurance

Group Life and Accidental Death and Dismemberment Insurance plans provide security to those families that have suffered the loss of a loved one.

Basic Life Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

Basic Life

- All Eligible Active Employees

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
2,107	\$21,070,000	\$0.035	\$737.45

- All Retiree Employees who retired on or after January 1, 1974 but before April 1, 1988

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
46	\$45,000	\$0.600	\$27.00

- All Retiree Employees who retired on or after December 1, 1995

- All Retiree Employees who retired on or after April 1, 1988 but before December 1, 1995

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
486	\$1,936,000	\$3.060	\$5,924.16

Basic AD&D

# of Lives	Estimated Volume	Rates Per \$1,000 Monthly	Estimated Monthly Premium
2,107	\$20,902,500	\$0.015	\$313.54

Rate Guarantee Period: 36 months

***Quote valid for two months following the proposed effective date**

Enhanced Product Services Offered with Group Term Life Insurance

- Travel Assistance Services (Available to groups with 50 or more lives; Not available in all states)
- Beneficiary Resource Services

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the in force carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
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Group Life Insurance Plan Design Summary

Basic Term Life - Employee

Eligibility

	All Eligible Active Employees	All Retiree Employees who retired on or after January 1, 1974 but before April 1, 1988
Number of Employees	2,107	46
Basic Life Benefit	\$10,000	\$2,000 or \$5,000
Guarantee Issue	\$10,000	\$5,000
Waiver of Premium	Included	Not Included
Elimination Period	6 Months	
Waiver Duration	To Age 65	
Portability	To Age 65	To Age 65
Portability Maximum	\$10,000	\$5,000
Conversion	Included	Included
Accelerated Death Benefit*	75% of Benefit Amount	Not Included
Maximum	\$500,000	
Age Reduction Schedule**	35% at age 65 50% at age 70 35% at age 75	None
Policyholder Contribution	100%	100%
Participation Minimum	100%	100%

**For groups with Basic and Supplemental or Voluntary Life coverage, the Accelerated Death Benefit maximum applies to all coverages*

***Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.*



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Basic Term Life - Employee

Eligibility

	All Retireed Employees who retireed on or after December 1, 1995	All Retireed Employees who retireed on or after April 1, 1988 but before December 1, 1995
Number of Employees	399	87
Basic Life Benefit	\$2,000 or \$5,000	\$2,000
Guarantee Issue	\$5,000	\$2,000
Portability	To Age 65	To Age 65
Portability Maximum	\$5,000	\$2,000
Conversion	Included	Included
Age Reduction Schedule**	None	None
Policyholder Contribution	100%	100%
Participation Minimum	100%	100%

***Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.*



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Basic AD&D - Employee

Eligibility

**Basic AD&D Benefit
Seat Belt**

Percentage
Maximum

Air Bag

Percentage
Maximum

Education Benefit

Percentage
Annual Maximum
Duration

Repatriation Benefit

Day Care Benefit

Percentage
Annual Maximum
Duration

Spouse Training Benefit

Coma Benefit

Percentage
Maximum
Duration

**All Eligible Active
Employees**

Same as Basic Life
Included

10%
\$25,000

Included

5%
\$5,000

Included

3%
\$3,000
4 Years

Actual costs to \$5,000.

Included

3%
\$5,000
5 Years

\$5,000

Included

1%
\$1,000
11 Months



Prepared for:
City of Lubbock, Texas

Underwriting Considerations for Group Life Coverage

Considerations

- Voluntary AD&D Employee rate is \$0.025
- Voluntary AD&D Family rate is \$0.038

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Insured Persons enrolling more than 31 days after their initial eligibility date must submit satisfactory Evidence of Insurability for all benefit amounts.
- Coverage for amounts in excess of the Guarantee Issue amount is not effective until the date we approve the application.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.
- The Supplemental Life guarantee issue amount shown in this proposal are offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage.
- If the Supplemental Life Participation Minimum stated in the Plan Design Summary is met, all current amounts in force will be grandfathered, subject to the plan design maximums and the grandfathering limits stated in the Plan Design Summary. The Guarantee Issue amount shown in this proposal will only be offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage. Employees not previously covered, or those who have selected to increase their coverage, will need to provide satisfactory Evidence of Insurability.
- Should the Supplemental Life Participation Minimum not be met, grandfathering will not apply and satisfactory Evidence of Insurability will be required for all amounts by all applicants, including those participating in the prior carrier's plan. Participation is measured based on the participation level achieved at initial enrollment with Dearborn National. A spouse application does not count toward the Participation Requirement.

Transition of Coverage from Previous Carrier

Most group life carriers have standardized provisions in their contracts that address issues concerning transition from one carrier to another. Each carrier has specific responsibilities to ensure that employees who are not actively at work at the time of the transition do not lose their coverage.

The terminating carrier should retain responsibility for any employee who is disabled on the date of termination, regardless of whether or not the individual is on Waiver of Premium. It is recommended that this issue be discussed with the terminating carrier to verify how persons disabled on the effective date of our policy will be handled.

Actively at Work

- Actively at work requirements will be waived, provided premiums are paid when due, for employees who:
 - Are covered on the day immediately preceding our policy effective date; and
 - Were on lay-off, non-medical leave of absence or sabbatical leave; and who are being provided an extension of benefits with their prior carrierCoverage will continue for the balance of the time provided for under the prior carrier's policy, but not to exceed 12 months. We do not agree to waive the actively at work provision on other employees.



Prepared for:
City of Lubbock, Texas

Voluntary Life and Accidental Death and Dismemberment Insurance

Voluntary Life and Accidental Death and Dismemberment Insurance plans provide security to those families that have suffered the loss of a loved one.

Voluntary Life Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

Voluntary Life

- All Eligible Active Employees

Age Band	Employee Rates Per \$1,000 Monthly
Below 20	\$0.050
20-24	\$0.050
25-29	\$0.050
30-34	\$0.070
35-39	\$0.080
40-44	\$0.130
45-49	\$0.180
50-54	\$0.300
55-59	\$0.530
60-64	\$0.860
65-69	\$1.360
70-74	\$2.410
75-79	\$4.450
80-84	\$7.560
85-89	\$7.560
90-94	\$7.560
95-99	\$7.560
100 and above	\$7.560



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City of Lubbock, Texas

- All Retireed Employees

Age Band	Employee Rates Per \$1,000 Monthly
Below 20	\$0.110
20-24	\$0.110
25-29	\$0.110
30-34	\$0.120
35-39	\$0.170
40-44	\$0.260
45-49	\$0.440
50-54	\$0.780
55-59	\$1.270
60-64	\$1.440
65-69	\$2.380
70-74	\$4.120
75-79	\$6.200
80-84	\$9.750
85-89	\$9.750
90-94	\$9.750
95-99	\$9.750
100 and above	\$9.750

Voluntary AD&D

Age Band	Employee Rates Per \$1,000 Monthly
Employee	\$0.025

Voluntary Dependent Life

- All Eligible Active Employees

Age Band	Spouse Rates Per \$5,000 Monthly
Composite	\$0.800

Dependent Child(ren) Rates per unit	
Life	\$0.500

- All Retired Employees who Retired on or after January 1, 1974 but before December 1, 1995

Age Band	Spouse Rates Per unit Monthly
Composite	\$1.250



Prepared for:
City of Lubbock, Texas

- All Retired Employees who Retired on or after December 1, 1995

Age Band	Spouse Rates Per unit Monthly
Composite	\$1.250

Dependent Child(ren) Rates per unit	
Life	\$1.250

Rate Guarantee Period: 36 Months

****Quote valid for two months following the proposed effective date***

Enhanced Product Services Offered with Group Term Life Insurance

- Travel Assistance Services (Available to groups with 50 or more lives; Not available in all states)
- Beneficiary Resource Services

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the inforce carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
City of Lubbock, Texas

Group Life Insurance Plan Design Summary

Voluntary Life - Employee

Eligibility	All Eligible Active Employees	All Retiree Employees
Number of Employees	1,678	363
Voluntary Life Benefit	Amounts from 1 to 3 times salary in increments of 1 times salary	Amounts from \$10,000 to \$10,000 in increments of \$10,000
Minimum	\$1,000	
Maximum	\$500,000	
Benefit Rounding	To Next Higher \$1,000	Not Applicable
Definition of Earnings	Earnings w/Comm	
Average Period	12 Months	
Guarantee Issue	\$250,000	\$250,000
Waiver of Premium	Included	Not Included
Elimination Period	6 Months	
Waiver Duration	To Age 65	
Portability	To Age 65	To Age 65
Portability Maximum	\$500,000	\$10,000
Conversion	Included	Included
Accelerated Death Benefit*	75% of Benefit Amount	Not Included
Maximum	\$500,000	
Age Reduction Schedule**	35% at age 65	35% at age 65
	50% at age 70	50% at age 70
	35% at age 75	35% at age 75
Policyholder Contribution	0%	0%
Participation Minimum	25%	25%

* For groups with Basic and Supplemental or Voluntary Life coverage, the Accelerated Death Benefit maximum applies to all coverages

**Benefits are reduced by the percentage indicated and are calculated from the original amount at the attainment of the age shown.



Prepared for:
City of Lubbock, Texas

Voluntary AD&D - Employee

Eligibility

**All Full Time Active
Employees that work a
minimum of 40 hours per
week**

**Voluntary AD&D Benefit
Seat Belt**

Same as Voluntary Life
Included

Percentage 10%
Maximum \$25,000

Air Bag

Included

Percentage 5%
Maximum \$5,000

Education Benefit

Included

Percentage 3%
Annual Maximum \$3,000
Duration 4 Years

Repatriation Benefit

Actual costs to \$5,000

Day Care Benefit

Included

Percentage 3%
Annual Maximum \$5,000
Duration 5 Years

**Spouse Training Benefit
Common Disaster Benefit**

\$5,000
Increases spouse amount to
equal employee amount.
Maximum \$150,000

Coma Benefit

Included

Percentage 1%
Maximum \$1,000
Duration 11 Months



Prepared for:
City of Lubbock, Texas

Voluntary Dependent Life

Eligibility

Spouse Benefit

Not to Exceed
Spouse Guarantee Issue
Child Benefit

Birth - 14 days
15 Days - 6 months
6 Months - Maximum

Child Maximum Age
Student Maximum Age
Child Guarantee Issue
Dependent Portability
Dependent Conversion
Age Reduction Schedule

All Eligible Active Employees

Amounts from \$5,000 to \$50,000 in increments of \$5,000
Includes Domestic Partners
100% of Employee Amount
\$50,000

\$0
\$100
Amounts from \$2,500 to \$10,000 in increments of \$2,500
26
26
\$10,000
Included
Included
Same As Employee

All Retired Employees who Retired on or after January 1, 1974 but before December 1, 1995

Amounts from \$2,000 to \$2,000 in increments of \$2,000
Includes Domestic Partners

100% of Employee Amount
\$50,000
Not Included

Included
Included
Same As Employee



Prepared for:
City of Lubbock, Texas

Voluntary Dependent Life

Eligibility	All Retired Employees who Retired on or after December 1, 1995
Spouse Benefit	Amounts from \$2,500 to \$2,500 in increments of \$2,500 Includes Domestic Partners 100% of Employee Amount \$50,000
Not to Exceed	
Spouse Guarantee Issue	
Child Benefit	
Birth - 14 days	\$0
15 Days - 6 months	\$0
6 Months - Maximum	Amounts from \$1,000 to \$1,000 in increments of \$1,000
Child Maximum Age	26
Student Maximum Age	26
Child Guarantee Issue	\$10,000
Dependent Portability	Included
Dependent Conversion	Included
Age Reduction Schedule	Same As Employee



Prepared for:
City of Lubbock, Texas

Underwriting Considerations for Group Life Coverage

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Insured Persons enrolling more than 31 days after their initial eligibility date must submit satisfactory Evidence of Insurability for all benefit amounts.
- Coverage for amounts in excess of the Guarantee Issue amount is not effective until the date we approve the application.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
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- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.
- The Voluntary Life guarantee issue amount shown in this proposal are offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage.
- If the Voluntary Life Participation Minimum stated in the Plan Design Summary is met, all current amounts in force will be grandfathered, subject to the plan design maximums and the grandfathering limits stated in the Plan Design Summary. The Guarantee Issue amount shown in this proposal will only be offered to employees whose initial eligibility date (new hires) is on or after the effective date of coverage. Employees not previously covered, or those who have selected to increase their coverage, will need to provide satisfactory Evidence of Insurability.
- Should the Voluntary Life Participation Minimum not be met, grandfathering will not apply and satisfactory Evidence of Insurability will be required for all amounts by all applicants, including those participating in the prior carrier's plan. Participation is measured based on the participation level achieved at initial enrollment with Dearborn National. A spouse application does not count toward the Participation Requirement.

Transition of Coverage from Previous Carrier

Most group life carriers have standardized provisions in their contracts that address issues concerning transition from one carrier to another. Each carrier has specific responsibilities to ensure that employees who are not actively at work at the time of the transition do not lose their coverage.

The terminating carrier should retain responsibility for any employee who is disabled on the date of termination, regardless of whether or not the individual is on Waiver of Premium. It is recommended that this issue be discussed with the terminating carrier to verify how persons disabled on the effective date of our policy will be handled.

Actively at Work

- Actively at work requirements will be waived, provided premiums are paid when due, for employees who:
 - Are covered on the day immediately preceding our policy effective date; and
 - Were on lay-off, non-medical leave of absence or sabbatical leave; and who are being provided an extension of benefits with their prior carrier

Coverage will continue for the balance of the time provided for under the prior carrier's policy, but not to exceed 12 months. We do not agree to waive the actively at work provision on other employees.



Prepared for:
City of Lubbock, Texas

Voluntary Short Term Disability

Dearborn National's Group Voluntary Short Term Disability plans help replace lost income should an insured employee become disabled due to an accident or sickness, including pregnancy or complications from pregnancy.

Voluntary Short Term Disability Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

- All Full Time Active Employees Option 2

Age Band	Rates Per \$10 Weekly Benefit Monthly
Below 20	\$0.220
20-24	\$0.222
25-29	\$0.229
30-34	\$0.217
35-39	\$0.209
40-44	\$0.228
45-49	\$0.248
50-54	\$0.309
55-59	\$0.414
60-64	\$0.522
65-69	\$0.534
70-74	\$0.604
75-79	\$0.604
80-84	\$0.604
85-89	\$0.604
90-94	\$0.604
95-99	\$0.604
100 and above	\$0.604



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- All Full Time Active Employees Option 1

Age Band	Rates Per \$10 Weekly Benefit Monthly
Below 20	\$0.286
20-24	\$0.287
25-29	\$0.298
30-34	\$0.281
35-39	\$0.270
40-44	\$0.290
45-49	\$0.313
50-54	\$0.388
55-59	\$0.518
60-64	\$0.653
65-69	\$0.667
70-74	\$0.754
75-79	\$0.754
80-84	\$0.754
85-89	\$0.754
90-94	\$0.754
95-99	\$0.754
100 and above	\$0.754

Rate Guarantee Period: 36 Months

****Quote valid for two months following the proposed effective date***

Important Notes:

The above rates and premium estimates are based on the employee data submitted by you. Final rates and premiums will be based on the plan and employee data provided by you at inception. This proposal is subject to exclusions and limitations in the policy issued by us. In addition, if coverage was in force prior to the effective date of coverage, the rates quoted are subject to revisions based on acceptance and review of the in force carrier's policy.

Changes in risk that may impact the rates quoted include, but are not limited to:

- The composition of the group, employees or dependents, changes by more than 10%
- The employer contribution changes
- Any of the plan designs are changed
- A change in applicable law requires a change in the insurance provided by the policy or the classes of persons eligible for insurance under the policy.



Prepared for:
City of Lubbock, Texas

Voluntary Short Term Disability Plan Design Summary

Eligibility	All Full Time Active Employees - 2	All Full Time Active Employees -1
Number of Employees	1,906	201
VSTD Weekly Benefit	66.67% of weekly earnings	60% of weekly earnings
Definition of Earnings	Earnings w/Comm	Earnings w/Comm
Average Period	12 Months	12 Months
Maximum Weekly Benefit	\$1,150	\$1,150
Minimum Weekly Benefit	\$25	\$25
Elimination Period		
Injury	7 Days	7 Days
Sickness	7 Days	7 Days
Benefits Begin		
Injury	8 th Day	8 th Day
Sickness	8 th Day	8 th Day
Maximum Period Payable	13 weeks	25 weeks
Benefit Paid	Until LTD Benefits Begin	Until LTD Benefits Begin
Survivor Benefit	3 weeks	3 weeks
Worksite Modification Benefit	Included	Included
Pre-Existing Condition Exclusion	12/12	12/12
Occupational Injury/Sickness	Not Covered	Not Covered
Definition of Disability	Total or Partial Disability	Total or Partial Disability
Partial Disability Earnings Test	80%	80%
Work Incentive Benefit	Included	Included
Policyholder Contribution	0%	0%
Employee Contribution Basis	Post-tax	Post-tax
Participation Requirement	25%	25%
Tax Services	W-2 Printing	W-2 Printing

Enhanced Product Services Offered with Voluntary Short Term Disability

- W-2 Reporting for Claimants
- Telephonic Claim Intake

Underwriting Considerations for Voluntary Short Term Disability

Underwriting Conditions

- Employees must be legally working in the United States in order to be eligible for coverage.
- Unless otherwise requested, Short Term Disability benefit payments will not begin until the employee's compensation payments from the employer, including but not limited to vacation pay, salary continuation or sick leave benefit payments, have ceased.
- This proposal provides only basic information on the features of the policy. It is not intended to be a complete representation of all terms and conditions of the contract. A complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.
- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.



Prepared for:
City of Lubbock, Texas

Voluntary Long Term Disability

Dearborn National's Group Voluntary Long Term Disability plans provide long term income replacement security. Programs feature return to work claim management programs focused on personalized claim service.

Voluntary Long Term Disability Rate and Cost Summary

Proposed Effective Date*: October 01, 2014

Current Plan

- All Active Full Time Employees Option 1

Age Band	Rates Per \$100 Monthly Covered Payroll Monthly
Below 20	\$0.140
20-24	\$0.140
25-29	\$0.160
30-34	\$0.170
35-39	\$0.180
40-44	\$0.250
45-49	\$0.310
50-54	\$0.420
55-59	\$0.640
60-64	\$0.790
65-69	\$0.790
70-74	\$0.790
75-79	\$0.790
80-84	\$0.790
85-89	\$0.790
90-94	\$0.790
95-99	\$0.790
100 and above	\$0.790



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City of Lubbock, Texas

complete listing of the terms, conditions, limitations, exclusions and reduction of benefits is available upon request. In the event of conflict between this proposal and the policy, the terms of the policy will govern.

- Product features and provisions may be slightly different due to state requirements. When sold, the actual policy for the state in which the policy is issued will reflect the state's requirements.
- This proposal illustrates the cost of the insurance program and is based upon the information submitted by you. Actual cost will be determined after an application has been accepted and will depend upon data obtained when the program becomes effective.



Strength. Independence. Solutions.

www.dearbornnational.com

VOLUNTARY INSURANCE BENEFITS COMMUNICATION AND ENROLLMENT STRATEGY

Employers want to provide comprehensive benefit programs to attract and retain valuable employees. Dearborn National has developed a flexible program of Voluntary, employee-funded benefits. By offering a valuable Voluntary program, an employer can significantly enhance its benefit portfolio at no additional cost.

Offering Voluntary benefits to your employees empowers them to select the coverage that meets their needs and the needs of their families. It is important that employees are aware of these benefits and understand their value. This is accomplished with a well-planned Communication and Enrollment strategy. Proper communication of benefits is important to the success of any Group Insurance Plan. It is essential that all insureds have a thorough understanding of exactly what the coverage provides.

Offering of voluntary coverage, also includes the Communication and Enrollment Strategy as outlined here.

✓ EMPLOYER ANNOUNCEMENT LETTER

The group agrees to distribute a letter on its letterhead (paper or electronic) informing employees that the Voluntary benefits will be offered. This correspondence should be distributed three to four weeks before the enrollment.

✓ POSTERS TO RAISE AWARENESS

The group agrees to display awareness posters in gathering areas, cafeterias, break rooms or elevator banks. These posters will create awareness of the upcoming benefit(s) being offered and inform employees where and when they can get more information and attend an enrollment meeting. The posters should be on display two weeks before the enrollment meeting is held.

✓ HOLD ENROLLMENT MEETINGS

Many employees need additional information to make a sound benefits selection. An enrollment meeting provides an opportunity for employees to ask questions and receive answers from a benefit specialist. The group agrees to allow the broker/enroller to conduct informational enrollment meetings.

✓ DISTRIBUTE BENEFIT SUMMARIES

Group-specific Benefit Summaries provide detailed information on available plans, empowering employees to make the best decision for their individual needs. The broker/enroller and group agree to distribute Benefit Summaries to all employees during the enrollment meetings.

Products and services marketed under the Dearborn National® brand and the star logo are underwritten and/or provided by Dearborn National Life Insurance Company (Lawrenceville, IL) or its states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.



Prepared for:
City of Lubbock, Texas

We Are Dearborn National

Dearborn National[®] offers a broad selection of insurance and financial products that cover many markets - Voluntary and Employer Paid Group Benefits, Worksite, Individual and a wide array of enhanced product services. We serve groups and individuals, including some of the largest companies and most recognized names in the United States.

A Strong Parent Company

Our parent company, Health Care Service Corporation (HCSC), a Mutual Legal Reserve Company, is the largest non-investor owned health care insurance provider in the United States and the 4th largest overall. To learn more about our family of companies that make up HCSC, please visit www.hcsc.com.

Strong Ratings

The ratings of the Dearborn National companies speak to our commitment to managing our business well and remaining financially strong. Benefit programs in this proposal are underwritten by Dearborn National[®] Life Insurance Company.

Dearborn National[®] Life Insurance Company is rated **A+ (Superior)**¹ by A.M. Best Company and **A+ (Strong)**² by Standard & Poor's for financial strength in it's most recent report.

A National Presence

Through the underwriting companies of Dearborn National[®] Life Insurance Company, Dearborn National[®] Life Insurance Company of New York, and Colorado Bankers Life Insurance Company[®], we are licensed in all 50 states as well as the District of Columbia.

¹ Affirmed December 19, 2013. A.M. Best Company rates the overall financial results of a company using a scale of A++ (Superior) to F (In Liquidation).

² Affirmed November 13, 2013. Standard & Poor's Insurer Financial Strength Rating uses a scale ranging from AAA (Extremely Strong) to R (Experienced Regulatory Action).

Products and services marketed under the Dearborn National[®] brand and the star logo are underwritten and/or provided by Dearborn National[®] Life Insurance Company (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands and Puerto Rico.

Benefit Highlights

Basic Life

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and meet the eligibility requirements indicated in the Plan Design Summary. Insured Persons may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Effective Date

If an insured person is absent from work due to injury or sickness on the last day of work prior to their effective date, the effective date of coverage will be delayed until 12:01 a.m. on the day coinciding with or next following their return to active work for a period of one day.

Guarantee Issue

Life Insurance Amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Conversion

Insureds who terminate employment, or lose a portion of their life coverage, may be able to convert their Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the insureds of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to AD&D or Waiver of Premium amounts.

Portability - Basic Life

If Life coverage ceases for reasons other than retirement, sickness, injury or termination of the policy, eligible insured persons can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the insured reaches the maximum age indicated in the plan design summary.

Accelerated Benefits

Insureds who are diagnosed as being terminally ill can access a portion of their life insurance benefits while they are alive. The insured can accelerate a percentage of their life insurance amount, up to the maximum amount, as indicated in the Plan Design Summary. If life insurance benefits are subject to age reductions within 12 months of receiving proof of terminal illness, the accelerated death benefit will reduce accordingly. The minimum amount that can be accelerated and the definition of Terminally Ill are shown in the Additional Plan Features.

Waiver of Premium

We will continue coverage for insureds who become totally disabled and complete the Elimination Period shown on the Plan Design Summary. Life Insurance will be extended to the age as indicated in the Plan Design Summary, with no premium charge. The onset of the disability must occur before the insured reaches the age indicated in the Additional Plan Features and they must meet the definition of disability for the entire elimination period. The amount of insurance extended will be the amount of Life Insurance in force immediately prior to the date of the Total Disability. This amount is subject to any reductions under the policy.



Prepared for:
City of Lubbock, Texas

Limitations and Exclusions

Supplemental Life benefits, including Waiver of Premium, are not payable for a loss which is caused by a suicide or attempted suicide within one year of the effective date of coverage.

Termination of Coverage

The insured's life insurance will terminate on the earliest of the following dates:

- The date the policy is terminated;
- The date the insured stops making any required contribution toward payment of premiums;
- The date the insured is no longer a member of an eligible class;
- The date the insured requests termination of coverage.
- The date the insured is no longer covered as a result of a disability, layoff, leave of absence, sabbatical or military leave.

Extension of Coverage

If an employee is no longer Actively at Work as a result of a disability, layoff, leave of absence, sabbatical or military duty, they may be able to continue to be eligible for group Life insurance coverage as follows:

Disability - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Layoff - Until the end of the month following the period indicated in the Additional Plan Features after which the layoff began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Leave of Absence - Until the end of the month following the period indicated in the Additional Plan Features after which the leave of absence began or the period of time in accordance with FMLA, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Sabbatical - Until the end of the month following the period indicated in the Additional Plan Features after which the sabbatical began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Military Leave - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Extension of Coverage for FMLA Leave

If an insured is eligible for and receives approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state, family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- The leave period permitted by FMLA and any amendments; or
- The leave period permitted by applicable state law.

Transition of Coverage from a Previous Carrier

As an established group life insurance carrier, it has been our experience that most carriers have standardized procedures when it comes to determining responsibility for employee transition situations.

Our position has been that the terminating carrier is responsible for anyone who was insured under their contract, but is disabled and does not meet the requirements of becoming



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City of Lubbock, Texas

insured under our contract. This person may or may not be eligible for Waiver of Premium under the prior policy.

It is our recommendation that this issue be discussed with the terminating carrier to identify any insured's who may not be eligible for coverage on the effective date of our policy. While awaiting the decision of the terminating carrier, it is recommended that the impacted employee apply for conversion.

We will cover any eligible insureds who may be on vacation, leave of absence, observing a holiday, etc. on the effective date of our policy.



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Basic Accidental Death and Dismemberment

Accidental Death and Dismemberment (AD&D) plan pays an additional benefit when a covered insured loses their life, or a limb due to an accident. Benefits are paid based on the following schedule.

AD&D SCHEDULE OF LOSSES	BENEFIT AMOUNT
Loss of Life	100%
Loss of Both Hands or Both Feet	100%
Loss of One Hand and One Foot	100%
Loss of Speech and Hearing	100%
Loss of Sight of Both Eyes	100%
Loss of One hand and the Sight of One Eye	100%
Loss of One Foot and the Sight of One Eye	100%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Loss of Sight of One Eye	50%
Loss of One Hand or One Foot	50%
Loss of Speech or Hearing	50%
Loss of Thumb and Index Finger of Same Hand	25%
Uniplegia	25%

The following additional benefits are included with our Accidental Death & Dismemberment plan. For amount and availability of benefits, please refer to the Plan Design Summary.

Seat Belt Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while wearing a properly worn seat belt.

Air Bag Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while seated in a seat containing a factory installed air bag.

Education Benefit

Pays an additional benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, if a covered insured dies in an accident and has qualified dependent children attending a school of higher learning. The benefit is payable for each insured child and up to four annual payments.

Repatriation

If a covered insured dies as a result of an accident more than 75 miles from their principal place of residence, the benefit pays the actual costs, up to the maximum amount indicated in the Plan Design Summary, for the preparation and transportation of the insured employee's body back to their home.

Day Care Benefit

If a covered insured dies as the result of an accident, a day care benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, is payable for



Prepared for:
City of Lubbock, Texas

reimbursement of eligible day care expenses for each qualified dependent enrolled in a licensed day care facility. The benefit is payable each year up a maximum five years.

Spouse Training Benefit

If a covered insured dies as the result of an accident, a benefit is payable to the insured's spouse to cover their cost of education, up to the maximum amount indicated in the Plan Design Summary, if they enroll in a school of higher learning within one year of the insured's death.

Coma Benefit

If a covered insured is injured in an accident, becomes comatose within 31 days of the accident, and remains comatose for a period of at least 60 days, we will pay a percentage of the insured's benefit amount, on a monthly basis. The percentage, monthly maximum and number of months are as indicated in the Plan Design Summary.

Reduction Schedule

Benefits reduce according to the schedule indicated in the Plan Design Summary. All reduction percentages are from the original amount.

Exclusions

Unless specifically covered in the policy, or required by state law, we will not pay any AD&D benefit for any loss that, directly or indirectly, results in any way from or is contributed to by:

- Disease of the mind or body, or any treatment thereof;
- Infections, except those from an accidental cut or wound;
- Suicide or attempted suicide;
- Intentionally self-inflicted injury;
- War or act of war;
- Travel or flight in any aircraft while a member of the crew;
- Commission of or participation in a felony;
- Under the influence certain drugs, narcotics or hallucinogens unless properly used as prescribed by a physician;
- Intoxication as defined in the jurisdiction where the accident occurred;
- Participation in a riot.

Enhanced Product Services Included with Group Term Life

Beneficiary Resource Services™: A Wellness Plan for Life

When a loved one dies, families often face complex issues ranging from estate planning, legal questions, funeral planning, coping with grief and financial uncertainties. That's why Dearborn National offers Beneficiary Resource Services, a program that combines family wellness and security at the most difficult of times. Services include grief and financial counseling, funeral planning, legal support as well as online will preparation. Beneficiary Resource Services is provided by Bensinger, DuPont & Associates (BDA).

Services for insureds and their families.

Online Will Preparation- A will is one of the most important documents every adult should have, and creating one has never been easier. Insureds and their families will have access to a full legal library with many estate planning documents, including an online will. Insureds can create their own wills online in a safe and secure way, right from their homes. The will can be saved and updated as family situations change. Creating a will provides security and peace of mind for several reasons:

- Appoints a guardian for children
- Controls where property and assets go
- Provides family security
- Without one, the state can make these decisions

Funeral Planning - Insureds and beneficiaries have access to an online funeral planning site that features a variety of helpful tools and information, such as:

- A downloadable funeral planning guide for insureds to document vital information their loved ones will need when making final arrangements
- Calculators to estimate and compare expenses for various types of funeral arrangements
- Information on funeral requirements and various religious customs
- Directories to locate funeral homes and cemeteries in the insured's area

Services for beneficiaries (and their families) after a death claim or for those that qualify for an accelerated death benefit

Unlimited Phone Contact - Available for up to one year with a grief counselor, legal advisor or financial planner.

Face-to-Face Working Sessions* - Five face-to-face working sessions are available to the insured person or beneficiary. All five sessions may be used with one grief counselor or legal advisor, or they may be split among the two types of counselors or advisors in geographically accessible locations. A one-hour financial consultation on the phone is also available.

**May include face-to-face sessions, over-the-phone sessions or time taken for research or document preparation.*

Referrals and Support Services - BDA maintains a comprehensive directory of qualified and accessible grief counselors and legal and financial consultants.

Follow Up - Counselors will initiate follow-up calls when necessary for up to one full year from the date of initial contact.

EXHIBIT C1

SAMPLE BASIC AND VOLUNTARY LIFE POLICIES

FORT DEARBORN LIFE Insurance Company®

Administrative Office:
1020 31st Street
Downers Grove IL 60515-5591

(A stock life insurance company, herein called the "We" "Us" or "Our")

Policyholder: CITY OF LUBBOCK
Policy Number: GFZ03192-0001
Policy Effective Date: January 1, 2011
Anniversary Date: January 1

We agree with the *Policyholder* to insure certain eligible Employees of the *Policyholder*. We promise to pay benefits for loss covered by the Policy in accordance with its provisions. The *Policyholder* should read this Policy carefully and contact Fort Dearborn Life Insurance Company® promptly with any questions.

Policyholder means the *Employer* to whom the Policy is issued and who sponsored the coverage for its Employees.

Employer means the *Policyholder* and includes any division, subsidiary, or affiliated company named in the Policy.

POLICY EFFECTIVE DATE AND TERM

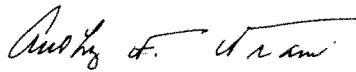
The Policy takes effect on the Policy Effective Date stated above subject to any participation requirement stated in the Policy. All insurance periods will be computed from that date. The Policy remains in force for the period for which premium has been paid. It may be renewed for further successive periods by payment of premium as stated in the Policy.

All periods of insurance begin and end at 12:01 A.M., Standard Time, at the *Policyholder's* address as stated in the Policy, and on the Application.

Signed for Fort Dearborn Life Insurance Company



Secretary



President

Basic Group Term Life Insurance Policy
with
Accidental Death & Dismemberment Benefits
Non-Participating

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<i>Rate Addendum</i>	<i>5</i>
<i>Application</i>	<i>Attached</i>

ATTACHMENTS:

- Master Application
- Certificate of Insurance

PREMIUM

How is the initial premium calculated?

Initial life, AD&D insurance premium is calculated in accordance with the rates set forth on the attached Rate Addendum.

When is premium paid?

The Policy is issued in consideration of the payment in advance of premium on the premium due date indicated on the *Application*. Payment must be made by the premium due date as shown on the *Application*.

If an addition, termination or change in insurance takes place other than on a regular due date, any premium adjustment will take effect on the next due date.

Is premium payable while an Insured receives benefits?

We will waive premium for an insured Employee in accordance with the Waiver of Premium provision of the Policy.

Is there a grace period for premium payment?

We will allow a grace period of 31 days for the payment of any premiums due except the first. Insurance coverage shall continue in force during the grace period unless the *Policyholder* has given *Us* advance written notice of cancellation in accordance with the terms of this Policy. If premium is not received by the end of the grace period, this Policy will terminate as of the last date for which premium was paid.

The *Policyholder* is liable for premium due on coverage provided during the grace period.

If *We* receive written notice during the grace period that the Policy is to be canceled, *We* will cancel it as of the later of:

1. the date requested in the cancellation notice; or
2. the date *We* receive such notice. The *Policyholder* must pay a pro rata premium for any coverage provided during the grace period.

PREMIUM RATE GUARANTEE

What is the initial premium rate guarantee?

A change in premium rates will not take effect before January 1, 2015. However, *We* may change premium rates if the risk assumed changes. Premium rates may change if the following occurs:

1. a change in the Policy design;
2. a change in the terms of the Policy;
3. addition or deletion of a division, subsidiary or affiliated company;
4. a change in the number of *Insureds* by 10% or more from the number of *Insureds* on the initial Effective Date;
5. a change in the laws or regulations or other government action which applies to the Policy;
6. for reasons other than 1-5 above such as but not limited to a change in factors bearing on the risk assumed.

The *Policyholder* must furnish notice and documentation satisfactory to *Us* within 31 days of the occurrence of any event which would cause a change in rates as described above. If the *Policyholder* fails to provide such timely notice, we will apply new rates retroactively to the date of the event.

We will notify the *Policyholder* in writing at least 31 days in advance of any premium rate changes. A change may take effect on an earlier date if both the *Policyholder* and *We* agree.

POLICY TERMINATION

Who may cancel the Policy or a plan under the Policy?

The Policy or a plan under the Policy can be canceled by the *Policyholder* with 31 days written notice delivered to *Us*. This Policy will terminate for any of the following reasons:

1. If the *Policyholder* fails to pay any premium within the 31-day Grace Period, this Policy will terminate in accordance with the terms set forth in the Grace Period provision.
2. We may terminate this Policy on any premium due date if:
 - a. coverage is *Noncontributory* and less than 100% of the eligible Employees participate; or
 - b. the *Policyholder* fails to perform any of its obligations that relate to the Policy; or
 - c. the *Policyholder* does not promptly provide *Us* with information that is reasonably required; or
 - d. fewer than 2 *Employees* are insured under the Policy.

If *We* cancel the Policy, for reasons other than the *Policyholder's* failure to pay premium, a written notice will be delivered to the *Policyholder* at least 31 days prior to the cancellation date.

ADDITIONAL PROVISIONS

What happens if an inadvertent error occurs?

Clerical error or omission by *Us* to the *Policyholder* will not:

1. Prevent an Employee from receiving coverage, if he is entitled to coverage under the terms of the Policy; or
2. Cause coverage to begin or coverage to continue for an Employee when the coverage would not otherwise be effective.

If the *Policyholder* gives *Us* information about an Employee that is incorrect, *We* will:

1. Use the facts to decide whether the Employee has coverage under the Policy and in what amounts; and
2. Make a fair adjustment of the premium.

Will certificates be issued?

We will deliver certificates of insurance to the *Policyholder* for issuance to each insured Employee. The certificates will describe the benefits, to whom they are payable, the Policy limitations and where the Policy may be inspected.

What is considered to be the entire contract?

This entire Policy consists of:

1. all Policy provisions and any amendments and/or attachments issued;
2. the Certificate of Coverage; and
3. the *Policyholder's* signed Application.

RATE ADDENDUM

(All Rates Per \$1,000 Per Month unless otherwise stated)

Class 01 Term Life: **\$0.035**

Class 01 Accidental Death & Dismemberment: **\$0.02**

Class 02 Term Life: **\$4.06**

Class 03 Term Life: **\$4.06**

Class 04 Term Life: **\$4.06**

Class 05 Term Life: **\$.60**

STATE SUPPLEMENT

The following policies apply only to those individuals in your group insurance program who reside in the referenced states.

Arizona and Maine

Except as otherwise permitted by law, we will not disclose collected personal information about an individual to a nonaffiliated third party with whom we jointly offer products without giving the individual an opportunity to tell us that he or she does not want us to share his or her personal information.

Minnesota and Montana

Except as otherwise permitted by law, we will not disclose collected personal information about an individual to a nonaffiliated third party with whom we jointly offer products without obtaining the individual's written authorization.

Montana

Upon written request, an individual who has authorized the collection of health information is entitled to receive a record of Fort Dearborn's disclosures of any of his medical record information made within the preceding 3 years.

Oregon

An individual has the right to authorize disclosure of his or her personal information to an insurance company. An Oregon resident can exercise this right by requesting an authorization form in writing. Our address is:

Fort Dearborn Life Insurance Company®
1020 31st Street
Downers Grove, Illinois 60515

FORT DEARBORN LIFE Insurance Company®

Administrative Office:
1020 31st Street
Downers Grove IL 60515-5591

(A stock life insurance company, herein called the "We" "Us" or "Our")

Policyholder: CITY OF LUBBOCK
Policy Number: GFZ03192-0001
Policy Effective Date: January 1, 2011
Anniversary Date: January 1

We agree with the *Policyholder* to insure certain eligible Employees of the *Policyholder*. We promise to pay benefits for loss covered by the Policy in accordance with its provisions. The *Policyholder* should read this Policy carefully and contact Fort Dearborn Life Insurance Company® promptly with any questions.

Policyholder means the *Employer* to whom the Policy is issued and who sponsored the coverage for its Employees.

Employer means the *Policyholder* and includes any division, subsidiary, or affiliated company named in the Policy.

POLICY EFFECTIVE DATE AND TERM

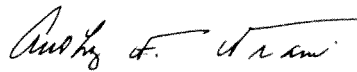
The Policy takes effect on the Policy Effective Date stated above subject to any participation requirement stated in the Policy. All insurance periods will be computed from that date. The Policy remains in force for the period for which premium has been paid. It may be renewed for further successive periods by payment of premium as stated in the Policy.

All periods of insurance begin and end at 12:01 A.M., Standard Time, at the *Policyholder's* address as stated in the Policy, and on the Application.

Signed for Fort Dearborn Life Insurance Company



Secretary



President

Voluntary Group Term Life Insurance Policy

with

Accidental Death & Dismemberment and Dependent Life Insurance with Dependent Accidental Death and Dismemberment Benefits

Non-Participating

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<i>Application</i>	<i>Attached</i>

ATTACHMENTS:

- Master Application
- Certificate of Insurance

PREMIUM

How is the initial premium calculated?

Initial life, AD&D and Dependent Life insurance premium is calculated in accordance with the rates set forth on the attached Rate Addendum.

When is premium paid?

The Policy is issued in consideration of the payment in advance of premium on the premium due date indicated on the *Application*. Payment must be made by the premium due date as shown on the *Application*.

If an addition, termination or change in insurance takes place other than on a regular due date, any premium adjustment will take effect on the next due date.

Is premium payable while an Insured receives benefits?

We will waive premium for an insured Employee in accordance with the Waiver of Premium provision of the Policy.

Is there a grace period for premium payment?

We will allow a grace period of 31 days for the payment of any premiums due except the first. Insurance coverage shall continue in force during the grace period unless the *Policyholder* has given Us advance written notice of cancellation in accordance with the terms of this Policy. If premium is not received by the end of the grace period, this Policy will terminate as of the last date for which premium was paid.

The *Policyholder* is liable for premium due on coverage provided during the grace period.

If We receive written notice during the grace period that the Policy is to be canceled, We will cancel it as of the later of:

1. the date requested in the cancellation notice; or
2. the date We receive such notice. The *Policyholder* must pay a pro rata premium for any coverage provided during the grace period.

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What is the initial premium rate guarantee?

A change in premium rates will not take effect before January 1, 2015. However, We may change premium rates if the risk assumed changes. Premium rates may change if the following occurs:

1. a change in the Policy design;
2. a change in the terms of the Policy;
3. addition or deletion of a division, subsidiary or affiliated company;
4. a change in the number of *Insureds* by 10% or more from the number of *Insureds* on the initial Effective Date;
5. a change in the laws or regulations or other government action which applies to the Policy;
6. for reasons other than 1-5 above such as but not limited to a change in factors bearing on the risk assumed.

The *Policyholder* must furnish notice and documentation satisfactory to Us within 31 days of the occurrence of any event which would cause a change in rates as described above. If the *Policyholder* fails to provide such timely notice, we will apply new rates retroactively to the date of the event.

We will notify the *Policyholder* in writing at least 31 days in advance of any premium rate changes. A change may take effect on an earlier date if both the *Policyholder* and We agree.

POLICY TERMINATION

Who may cancel the Policy or a plan under the Policy?

The Policy or a plan under the Policy can be canceled by the *Policyholder* with 31 days written notice delivered to *Us*. This Policy will terminate for any of the following reasons:

1. If the *Policyholder* fails to pay any premium within the 31-day Grace Period, this Policy will terminate in accordance with the terms set forth in the Grace Period provision.
2. We may terminate this Policy on any premium due date if:
 - a. coverage is *Contributory* and less than 25% of the eligible Employees participate; or
 - b. the *Policyholder* fails to perform any of its obligations that relate to the Policy; or
 - c. the *Policyholder* does not promptly provide *Us* with information that is reasonably required; or
 - d. fewer than 2 *Employees* are insured under the Policy.

If *We* cancel the Policy, for reasons other than the *Policyholder's* failure to pay premium, a written notice will be delivered to the *Policyholder* at least 31 days prior to the cancellation date.

ADDITIONAL PROVISIONS

What happens if an inadvertent error occurs?

Clerical error or omission by *Us* to the *Policyholder* will not:

1. Prevent an Employee from receiving coverage, if he is entitled to coverage under the terms of the Policy; or
2. Cause coverage to begin or coverage to continue for an Employee when the coverage would not otherwise be effective.

If the *Policyholder* gives *Us* information about an Employee that is incorrect, *We* will:

1. Use the facts to decide whether the Employee has coverage under the Policy and in what amounts; and
2. Make a fair adjustment of the premium.

Will certificates be issued?

We will deliver certificates of insurance to the *Policyholder* for issuance to each insured Employee. The certificates will describe the benefits, to whom they are payable, the Policy limitations and where the Policy may be inspected.

What is considered to be the entire contract?

This entire Policy consists of:

1. all Policy provisions and any amendments and/or attachments issued;
2. the Certificate of Coverage; and
3. the *Policyholder's* signed Application; and
4. the *Employee's* signed enrollment forms.

RATE ADDENDUM

(All Rates Per \$1,000 Per Month unless otherwise stated)

Class 01 Voluntary Spouse Life: \$.80 per \$5,000

Class 01 Voluntary Child Life:

\$ 2,500 benefit	\$0.50 per family unit
\$ 5,000 benefit	\$1.00 per family unit
\$ 7,500 benefit	\$1.50 per family unit
\$10,000 benefit	\$2.00 per family unit

Class 01 Voluntary Accidental Death and Dismemberment:

Individual Plan:	\$0.025
Family Plan:	\$0.038

Class 01 Voluntary Term Life:

Age Range	Rate
UNDER to 30	\$.06
30 to 34	\$.08
35 to 39	\$.09
40 to 44	\$.14
45 to 49	\$.20
50 to 54	\$.33
55 to 59	\$.59
60 to 64	\$.96
65 to 69	\$1.51
70 to 74	\$2.68
75 to 79	\$4.94
80 to 84	\$8.40

Class 02, 03 & 04 Voluntary Dependent Life (Spouse & Child(ren): \$1.25 per family unit

Class 02,03 & 04 Voluntary Term Life:

Age Range	Rate
UNDER to 30	\$.11
30 to 34	\$.12
35 to 39	\$.17
40 to 44	\$.26
45 to 49	\$.44
50 to 54	\$.78
55 to 59	\$1.27
60 to 64	\$1.44
65 to 69	\$2.38
70 to 74	\$4.12
75 to 79	\$6.20
80 to 84	\$9.75

STATE SUPPLEMENT

The following policies apply only to those individuals in your group insurance program who reside in the referenced states.

Arizona and Maine

Except as otherwise permitted by law, we will not disclose collected personal information about an individual to a nonaffiliated third party with whom we jointly offer products without giving the individual an opportunity to tell us that he or she does not want us to share his or her personal information.

Minnesota and Montana

Except as otherwise permitted by law, we will not disclose collected personal information about an individual to a nonaffiliated third party with whom we jointly offer products without obtaining the individual's written authorization.

Montana

Upon written request, an individual who has authorized the collection of health information is entitled to receive a record of Fort Dearborn's disclosures of any of his medical record information made within the preceding 3 years.

Oregon

An individual has the right to authorize disclosure of his or her personal information to an insurance company. An Oregon resident can exercise this right by requesting an authorization form in writing. Our address is:

Fort Dearborn Life Insurance Company®
1020 31st Street
Downers Grove, Illinois 60515

3. QUESTIONS

Please type your responses underneath each question. The parenthetical numbers (letters) are provided as a courtesy so that the Scope of Work paragraph, if applicable, can be referenced.

3(A) Carrier Questions

- 1. Provide a brief overview of your Carrier/Provider (furnish your business philosophy, mission statement, management structure, organizational chart, etc.*

Dearborn National was founded and incorporated in the state of Illinois in 1966 to provide ancillary insurance products and services to the customers of our parent company, Health Care Service Corporation (HCSC). HCSC, a mutual legal reserve company conducts business as Blue Cross and Blue Shield of Illinois, Montana, New Mexico, Oklahoma and Texas. HCSC is the largest health care insurance provider in the state of Illinois and is the 4th largest medical carrier nationally. HCSC is a wholly-owned, not-for-profit, Mutual Legal Reserve Company established and licensed to sell insurance in 1936, under the statutes of the State of Illinois.

Dearborn National provides employer groups with a comprehensive portfolio of insurance products and services including group and voluntary term life insurance, accidental death & dismemberment (AD&D), critical illness, and short and long term disability and dental plans.

We are licensed in all 50 states, (Dearborn National Life Insurance Company of New York is licensed in New York), as well as the District of Columbia, the U.S. Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.

Dearborn National has been providing Life and AD&D insurance for over 44 years, and Disability insurance coverage for over 33 years.

We continually re-evaluate our products and services to make sure we are meeting the needs of our clients and offering the solutions that work best in an ever changing industry and culture.

Dearborn National demonstrates a commitment to service by offering outstanding account management and customer service teams. The account management team will interact with the City of Lubbock as necessary to ensure the ongoing maintenance of your benefits program. We will work together with the City of Lubbock to develop procedures, policies, and reports to ensure a smooth transition and flawless implementation.

Large company resources combined with the flexibility and quick response time of a small company are key to Dearborn National's success. Our primary focus is to service the needs of our customers through continued investment in quality employees and enhanced technology. This ensures we provide innovative products and superior service meeting the expectations of our client base.

2. *Please list the services provided from your office.*

- Implementation and installation of the **City of Lubbock** account including ongoing meetings and status reports
- Plan design and contract review and delivery
- Training on administrative procedures with ongoing support
- Report delivery and review
- Follow up, issue resolution and ongoing evaluations
- Supplying accurate and useful reports
- Providing printed materials for all presentations at no charge.

3. *Please provide the number of client support and a brief description of the staff that will be dedicated to the City of Lubbock. Please list the number of staff currently serviced for public clients and other clients.*

We have an experienced Customer Service staff trained to handle administrative, billing and claims (life and disability) inquiries for our employer groups. Our Customer Service toll-free number is 1-800-348-4512, and hours of operation are Monday through Friday, 7:00 a.m. to 7:00 p.m. Central Standard Time. Inquiries can be made by telephone, email or in writing.

4. *State the type of ownership of your Carrier/Provider. Give the State and date of your incorporation if applicable. List headquarters and regional/full service office locations, and website address.*

Dearborn National was founded and incorporated in the state of Illinois in 1966 to provide ancillary insurance products and services to the customers of our parent company, Health Care Service Corporation (HCSC). HCSC, a mutual legal reserve company conducts business as Blue Cross and Blue Shield of Illinois, Montana, New Mexico, Oklahoma and Texas. HCSC is the largest health care insurance provider in the state of Illinois and is the 4th largest medical carrier nationally. HCSC is a wholly-owned, not-for-profit, Mutual Legal Reserve Company established and licensed to sell insurance in 1936, under the statutes of the State of Illinois.

Headquarters:	Home Office:	Administrative Office:
Dearborn National	Dearborn National	1001 East Lookout Drive

300 East Randolph Street Chicago, IL 60601	1020 31st Street Downers Grove, IL 60515 Phone: 800-331-0512 Fax: 630-824-5413	Richardson, TX 75082

Dearborn National's Website: www.dearbornnational.com

5. *Please provide the primary and secondary contact name, title and resume including any professional certifications or designations. Please list the number of participants currently serviced for public clients and other clients.*

Jeff Jay

Sales Executive

Dearborn National

1001 East Lookout Drive

Richardson, TX 75082

Phone: (972) 996-8597

E-mail: jeff_jay@dearbornnational.com

Jeff Jay joined the Dearborn National sales team in January of 2014, and currently covers central and southern Texas. An expert in the industry, Jeff has over fourteen years' experience in the sales of ancillary insurance products and services. Jeff's comprehensive background includes expertise in life and disability products, training and underwriting. He is client focused and solution oriented, meeting the highest standards of excellence in customer service. Jeff's experience prior to joining Dearborn National includes sales of ancillary business for Cigna and Mutual of Omaha. Jeff received a Bachelor Degree in Economics from University of Oklahoma and holds a Texas General Lines insurance license.

Tonja Shastid

Account Manager

Dearborn National

1001 East Lookout Drive

Richardson, Texas 75082

Phone: 972-996-9352

Fax: 972-231-5964

E-mail: tonja_shastid@dearbornnational.com

Tonja Shastid has been with the company since 1982. She has worked in various departments including Group & Individual Life, Marketing, and Policy Issue. Ms. Shastid's current position is Regional Account Manager for Dearborn National. Her responsibilities include being a liaison between Group Administration and Marketing,

and providing solution oriented service for primarily large accounts. Ms. Shastid holds a Group 1 Insurance License for the State of Texas.

- 6. Please list any complaints filed with the Texas Department of Insurance on any person in your organization from five years ago to today.***

Dearborn National does not currently have any claims field against it which are unresolved and presently pending before any State of Texas Administrative agency. Litigation or claims filed against Dearborn National have largely been beneficiary disputes or cases where various parties contested the right to benefits. None of this litigation has been material.

- 7. Please provide status of any current or pending litigation against your Carrier/Provider that might affect your ability to deliver the services that you offer.***

Past and pending litigation or claims filed against us have largely been beneficiary disputes (cases where various parties contested the right to benefits). None of this litigation has been material, nor would it adversely impact our performance under an agreement with City of Lubbock.

- 8. Do you anticipate that your Carrier/Provider will be acquired in the foreseeable future? Is your Carrier/Provider planning to acquire any other companies? If yes, please provide the names of the companies and the nature of the business.***

Dearborn National currently has no plans for future mergers or acquisitions. There are no projected or pending agreements to sell our company.

- 9. Include the names of three (3) current customers (title and phone numbers) that have used your Carrier/Provider for the same or similar products described in this RFP.***

We recognize the importance of providing City of Lubbock with current and former client references in choosing Dearborn National as your new Life/Disability carrier. To meet your request for references and to remain considerate of our existing clients, we will furnish references when we are selected as a finalist. We look forward to providing City of Lubbock with references and associated details during the finalist process.

10. Describe any other value-added services your Carrier/Provider is capable of provide.

At Dearborn National, we have put together a range of enhanced product services to complement our existing product lines. These services include Beneficiary Resource Services, Travel Resource Services, Online Will Preparation, an Employee Assistance Program (EAP), Disability Resource Services and Disability Claim Management.

Beneficiary Resource Services

Included at no additional cost, Beneficiary Resource Services combines grief, legal and financial counseling to support beneficiaries during their time of loss. Beneficiary Resource Services is provided by Bensinger, DuPont & Associates (BDA) and is available to the beneficiary for up to one year from the date BDA is contacted. Services are also available to insured individuals who qualify for an accelerated benefit from the group life insurance plan.

When the insured person or beneficiary contacts BDA, a counselor will assess their needs to develop a plan and provide access to grief counseling, financial counseling and/or legal services. Counselors coordinate the services while maintaining confidentiality. Services include:

- Unlimited phone contact
- Up to 5 face to face working sessions
- Referrals and support services
- Follow up

Travel Resource Services

Dearborn National's proposal includes Travel Resource Services at no additional cost. Travel Resource Services provides employees (and families) traveling more than 100 miles from home the protection they need when medical care or other services are required while away from home. Some of the services included in this program are:

- Referral to a local qualified doctor through a network of providers
- Evacuation to the closest adequate medical facility
- Repatriation from a place of hospitalization to the insured's home
- Return of a travel companion to their home
- Return of dependent children of the insured to their home

- Pre-Trip information on the destination including weather, inoculation requirements and travel advisories
- Additional benefits and services

Will Preparation

Dearborn National's proposal includes Will Preparation Services at no additional cost. Online will preparation gives employees access to a web site where they can create, update and maintain a will. To make the will preparation process simple and convenient, the web site provides resources such as a "Frequently Asked Questions" page and a "Dictionary of Important Terms".

Disability Resource Services

Disability Resource Services provides the extra support needed for those on long-term disability claim. Web-based services assist employees with personal, relational, health and financial concerns. Offered at no additional cost to all long-term disability claimants, Disability Resource Services provides easy access to professionals through a toll-free dedicated phone line 24 hours a day, seven days a week. Claimants can use the telephonic assistance available, or they choose face-to-face counseling sessions for emotional issues.

Disability Resource Services includes two components: Guidance Resources® Online and employee counseling services.

3(B) SCOPE QUESTIONS

- 1. Are you willing to participate in open enrollment to make your product(s) available to the City of Lubbock employees?*

We are willing to offer open enrollment during annual enrollment where employees and spouses currently enrolled can increase their benefit by 1 level up to the guarantee issue amount.

- 2. Are you willing to participate at new employee orientation to make your product(s) available?*

Representatives from Dearborn National will be available to attend enrollment meetings, benefit fairs and general employee communication meetings.

3. *Do you have a local office where City employees and family members can meet to discuss your product(s)?*

We have an office in Richardson, Texas.

4. *Do you offer Plan portability under similar terms if a City employee terminates his or her employment with the City?*

Yes, portability is available to employees that terminate their employment.

5. *Are you capable of providing website access to your plans so that the City employees can utilize the proposed services by using your website?*

Dearborn National's website, located at www.dearbornnational.com, can be used by employees to:

- Download administrative forms
- Contact our customer service area
- Locate information about Dearborn National

In addition, our administrative section for employers offers secure access to:

- The Benefits Manager web portal
- Online administrative guides
- Product descriptions

3 (C) SUMMARY

Explain in one page or less how your solution will differentiate you from other Carriers/Providers and why we should choose you as our successful Carrier/Provider. List the unique features that give your Carrier/Provider a competitive edge in the industry.

With more than 43 years of experience, Dearborn National is among the nation's leading providers of group life insurance programs. We believe that we are best qualified to perform the services detailed within the RFP request due to our strong financial standing, competitive rates offered, and commitment to service. We offer outstanding account management and customer service teams along with an established, trained administrative staff with proven ability to provide excellent service. We are committed to responding to your needs with prompt and courteous service at all times and settling all eligible claims as quickly and accurately as possible.

Customer Satisfaction: Dearborn National demonstrates a commitment to service by offering outstanding account management and customer service teams. The account management team will interact with the City of Lubbock as necessary to ensure the ongoing maintenance of your benefits program. We will work together with the City of Lubbock to develop procedures, policies, and reports to ensure a smooth transition and flawless implementation.

Financial Stability: Dearborn National prides itself on strong capital position and commitment to excellent customer service. With the relationship to our parent company, Health Care Service Corporation, Dearborn National has the backing of a premier health insurance company. This allows us to expand our capabilities and keep up-to-date with changes in the industry.

Flexibility: Large company resources combined with the flexibility and quick response time of a small company are key to Dearborn National's success. Our primary focus is to service the needs of our customers through continued investment in quality employees and enhanced technology. This ensures we provide innovative products and superior service meeting the expectations of our client base.

4. PRODUCTS AND PRICING SCHEDULE

4(A) Group Employer-Paid Group Life/AD&D Insurance

Basic Life and AD&D

Employer-Paid Group Life Insurance	Vendor Answer
Guaranteed Issue	\$10,000
Policy portability under similar terms and conditions	Yes
Length of time with carrier	1/1/11
Minimum participation	100%
A M Best Rating of carrier (A VIII min)	A+ (Superior)
Life insurance waiver of premium notifications	No
Limitations and exclusions	Offer current limitations and exclusions
Accelerated Death Benefit	Yes
Line of Duty Benefit	No
Benefit Reduction Schedule similar	Yes
Seat Belt Benefit	Yes
Air Bag Benefit	Yes
Career Adjustment Benefit	Yes listed as Spouse Training benefit
Child Care Benefit	Yes
Higher Education Benefit	Yes
Enrollment Guidelines Similar	Same as current

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:

Item	Employer-Paid Group Life	Vendor Answer
1	Multi-year Rate Quote	3 Years
2	Please attach a five year rate history	Rates will be guaranteed for 3 years
3	Cost per \$1000	\$0.035 for Basic Life Actives

4 (c) Voluntary Short-term Disabilities

Minimum requirements:

Voluntary Short-term disability insurance – policy should include an “own occupation” definition of disability and waiver of premium for disability. The policy must cover on duty and off duty disability. The waiting period for benefits cannot be longer than 30 days. The benefit payout period must be at least 13 weeks. The benefit must be at least 50% of usual pay offset from other sources of income such as social security or workers compensation. However, the minimum benefit must be at least 40% of usual pay without any offsets. Please include other features of your policy in the evaluation below. The policy must have guaranteed issue for new hires and initial open enrollment period. The carrier/provider must have an A M Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

Short term Disability	Vendor Answer
Guaranteed Issue	No
OWN OCCUPATION Definition of	Yes
Portable under similar terms and conditions	No
WAIVER OF PREMIUM for disability	No
On duty and Off duty coverage	Yes
Length of time with carrier	Non-applicable
Minimum participation	25%
A M Best Rating of carrier (A VIII min)	A+ (Superior)
Waiting period for illness (30 days maximum)	7 days
Waiting period for injury (30 days maximum)	7 days
Coverage period (13 week minimum)	25 weeks for option 1 & 13 for option 2
Percent of usual pay (50% minimum)	60% for option 1 & 66 2/3% for option 2
Minimum Percent of usual pay with Social Security, Worker's Comp or other income offset (40% minimum)	\$25 minimum benefit
Other features: Please list other features of your policy.	12/12 pre-ex

Minimum participation – greater consideration will be given for lower number of minimum participation.

Understood

A M Best Rating – greater consideration will be assigned for higher A M Best rating. The minimum rating is A VIII.

The A.M. Best Company affirmed an A+ (Superior) rating for Dearborn National Life Insurance Company in its December 19, 2013 report, for financial condition, operating performance and market profile. The outlook is positive. Effective October 10, 2011, Dearborn National's financial size category is IX (\$250 Million to \$500 Million).

Waiting Periods – greater consideration will be assigned for shorter waiting periods.

Understood

Coverage Periods – greater consideration will be assigned for longer coverage periods.

Understood

Percent of usual pay – greater consideration will be assigned for higher percentages of usual pay.

Understood

Pricing		
Item	Voluntary Short-Term Disability Insurance	Vendor Answer
1	Multi-year Rate Quote (5 points per year.	3 Years
2	Please attach a five year rate history	Rates will be guaranteed for 2 years
3	Bi Weekly Cost per Sample of 100	Rates are age banded listed in the proposal

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:

4(D) Long-term Disability

Minimum requirements:

Long-term disability insurance – policy should include an “any occupation” definition of disability and waiver of premium for disability. We would prefer a policy that has an

own occupation test for disability for 2 years and any occupation test thereafter. The policy must cover on duty and off duty disability. The waiting period for benefits cannot be longer than 180 days. The benefit payout period must be at least 5 years, but would prefer until age 65. The benefit must be at least 50% of usual pay offset from other sources of income such as social security or workers compensation. However, the minimum benefit must be at least 40% of usual pay without any offsets. Please include other features of your policy in the evaluation below. The policy must have guaranteed issue for new hires and initial open enrollment period. The carrier/provider must have an A M Best rating of A VIII or better. Please include examples of any promotions or promotional materials. You can propose more than one product for each product line. Please complete the product evaluation form below for each product you are proposing.

5. SCHEDULE OF BENEFITS

Disability Income Insurance — Monthly Income Benefits

Long term Disability	Vendor Answer
Guaranteed Issue	Yes
WAIVER OF PREMIUM for disability	Yes
Portable under similar terms and conditions	No
On duty and Off duty coverage	Yes
Length of time with carrier (1 point per	Non-applicable
Minimum participation	25%
A M Best Rating of carrier (A VIII min)	A+ (Superior)
Own Occupation test for wait period?	Yes, 24 months
Waiting period for illness (180 days maximum)	180 days for option 1 and 90 days for option 2
Waiting period for injury (180 days maximum)	180 days for option 1 and 90 days for option 2
Coverage period (5 year minimum)	3 years rate guarantee
Percent of usual pay (50% minimum)	60% for option 1 and 66 2/3% for option 2
Minimum Percent of usual pay with Social Security, Worker's Comp or other income offset (40% minimum)	Minimum benefit is \$100

Other features: Please list other features of your policy.	Day Care Benefit, Rehabilitation Benefit, Worksite modification

Minimum participation – greater consideration will be given for lower number of minimum participation.

Understood

A M Best Rating – greater consideration will be assigned for higher A M Best rating. The minimum rating is A VIII.

The A.M. Best Company affirmed an A+ (Superior) rating for Dearborn National Life Insurance Company in its December 19, 2013 report, for financial condition, operating performance and market profile. The outlook is positive. Effective October 10, 2011, Dearborn National's financial size category is IX (\$250 Million to \$500 Million).

Waiting Periods – greater consideration will be assigned for shorter waiting periods.

Understood

Coverage Periods – greater consideration will be assigned for longer coverage periods.

Understood

Percent of usual pay – greater consideration will be assigned for higher percentages of usual pay.

Understood

Pricing

Item	Long term Disability Insurance	
1	Multi-year Rate Quote (5 points per year.	3 Years
2	Please attach a five year rate history	Rates are guaranteed for 3 years
3	Bi Weekly Cost per Sample of 100	Rates are included in the proposal

Multi-year quotes are preferred and will be considered first. Please complete the pricing form below and attach your premium schedule. The Bi-weekly costs will be determined from a random sample of 100 below:



Prepared for:
City of Lubbock, Texas

BDA's nationwide network of experienced professionals can offer counseling for individuals facing difficult emotional, financial or legal issues. BDA's counselors are available 24 hours a day, 365 days a year. All calls are completely confidential.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

To provide the support people need while traveling on business or pleasure, we provide Travel Resource Services², a program that assists travelers if the unexpected happens.

Services are available to insureds and their families traveling 100 or more miles from their primary residence, and include:

ó Medical Search and Referral	ó Medical Monitoring
ó Medical Evacuation/Return Home	ó Traveling Companion Assistance
ó Dependent Children Assistance	ó Visit by Family Member/Friend
ó Return of Mortal Remains	ó Replacement of Medication and Eyeglasses
ó Emergency Message Relay	ó Emergency Travel Arrangements
ó Emergency Cash	ó Locating Lost or Stolen Items
ó Legal Assistance/Bail	ó Interpretation/Translation
ó Pre-Trip Information	

¹ Travel Assistance Services are provided to groups with 50 or more employees; Not available in all states.

² We contract with Europ Assistance USA, Inc. to provide the Travel Resource Services. We do not provide any part of the Travel Resource Services.

Additional Plan Features

Basic Life	All Eligible Active Employees	All Retireed Employees who retireed on or after December 1, 1995	All Retireed Employees who retireed on or after April 1, 1988 but before December 1, 1995	All Retireed Employees who retireed on or after January 1, 1974 but before April 1, 1988
Option	Current Plan	Current Plan	Current Plan	Current Plan
Waiver of Premium - Definition of Disability	Any Occupation	Not Applicable	Not Applicable	Not Applicable
Waiver of Premium - Maximum Qualifying Age	60	Not Applicable	Not Applicable	Not Applicable
Waiver of Premium - Specific Conditions Benefit	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Definition of Disability	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Maximum Qualifying Age	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Extended Insurance Benefit - Duration	Not Applicable	Not Applicable	Not Applicable	Not Applicable
FMLA Extension	Included	Included	Included	Included
Extension				
Disability	12th Month	12th Month	12th Month	12th Month
Layoff	Next month	Next month	Next month	Next month
Leave	Next month	Next month	Next month	Next month
Sabbatical	6th Month	6th Month	6th Month	6th Month
Military Leave	12th Month	12th Month	12th Month	12th Month
Accelerated Death - Minimum	\$15,000	Not Applicable	Not Applicable	Not Applicable
Accelerated Death Benefit - Definition of Terminal Illness	12 Months	Not Applicable	Not Applicable	Not Applicable

Benefit Highlights

Voluntary Life

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and meet the eligibility requirements indicated in the Plan Design Summary. Insured Persons may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Effective Date

If an insured person is absent from work due to injury or sickness on the last day of work prior to their effective date, the effective date of coverage will be delayed until 12:01 a.m. on the day coinciding with or next following their return to active work for a period of one day.

Guarantee Issue

Voluntary Life Insurance Amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Conversion

Insureds who terminate employment, or lose all or a portion of their coverage for other reasons may be able to convert all or a portion of their Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the insureds of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to AD&D or Waiver of Premium amounts.

Portability

If Voluntary Life coverage ceases for reasons other than retirement, sickness, injury or termination of the policy, eligible insured persons can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the insured reaches the maximum age indicated in the plan design summary.

Accelerated Benefits

Insureds who are diagnosed as being terminally ill can access a portion of their life insurance benefits while they are alive. The insured can accelerate a percentage of their life insurance amount, up to the maximum amount, as indicated in the Plan Design Summary. If life insurance benefits are subject to age reductions within 12 months of receiving proof of terminal illness, the accelerated death benefit will reduce accordingly. The minimum amount that can be accelerated and the definition of Terminally Ill are shown in the Additional Plan Features.

Waiver of Premium

We will continue coverage for insureds who become totally disabled and complete the Elimination Period shown on the Plan Design Summary. Voluntary Life Insurance will be extended to the age as indicated in the Plan Design Summary, with no premium charge. The onset of the disability must occur before the insured reaches the age indicated in the Additional Plan Features and they must meet the definition of disability for the entire elimination period. The amount of insurance extended will be the amount of Life Insurance



Prepared for:
City of Lubbock, Texas

in force immediately prior to the date of the Total Disability. This amount is subject to any reductions under the policy.

Consolidated Claim Management for Life and Long Term Disability

For those insured under our Life and Long Term Disability programs, we have a seamless claim process for filing claims for Waiver of Premium and Long Term Disability. The claimant simply completes one claim form, and we handle the rest.

Reduction of Benefits

The Insured's Voluntary life insurance amount will reduce upon reaching the ages as indicated in the Plan Design Summary. All reduction percentages are calculated from the original amount.

Limitations and Exclusions

Voluntary Life benefits, including Waiver of Premium, are not payable for a loss which is caused by a suicide or attempted suicide within one year of the effective date of coverage.

Termination of Coverage

The insured's Voluntary life insurance will terminate on the earliest of the following dates:

- ó The date the policy is terminated;
- ó The date the insured stops making any required contribution toward payment of premiums;
- ó The date the insured is no longer a member of an eligible class, requests termination of coverage.
- ó The date the insured is no longer covered as a result of a disability, layoff, leave of absence, sabbatical or military leave.

Extension of Coverage

If an employee is no longer Actively at Work as a result of a disability, layoff, leave of absence, sabbatical or military duty, they may be able to continue to be eligible for Voluntary Life insurance coverage as follows:

Disability - Until the end of the month following the period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Layoff - Until the end of the month following the period indicated in the Additional Plan Features after the layoff began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Leave of Absence - Until the end of the month following the period indicated in the Additional Plan Features after which the leave of absence began or the period of time in accordance with FMLA, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Sabbatical - Until the end of the month following the period indicated in the Additional Plan Features after the sabbatical began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.

Military Leave - Until the end of the month following period indicated in the Additional Plan Features after which the disability began, provided all premiums have been paid and the policy is still in force and has not been replaced with a new carrier.



Prepared for:
City of Lubbock, Texas

Extension of Coverage for FMLA Leave

If an insured is eligible for and receives approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state, family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- ó The leave period permitted by FMLA and any amendments; or
- ó The leave period permitted by applicable state law.

Transition of Coverage from a Previous Carrier

As an established group life insurance carrier, it has been our experience that most carriers have standardized procedures when it comes to determining responsibility on employee transition situations.

Our position has been that the terminating carrier is responsible for anyone who was insured under their contract, but is disabled and does not meet the requirements of becoming insured under our contract. This person may or may not be eligible for Waiver of Premium under the prior policy.

It is our recommendation that this issue be discussed with the terminating carrier to identify any insured's who may not be eligible for coverage on the effective date of our policy. While awaiting the decision of the terminating carrier, it is recommended that the impacted employee apply for conversion.

We will cover any eligible insureds who may be on vacation, leave of absence, observing a holiday, etc. on the effective date of our policy.



Prepared for:
City of Lubbock, Texas

Voluntary Accidental Death and Dismemberment

Our Voluntary Accidental Death and Dismemberment (AD&D) plan pays an additional benefit when a covered insured loses their life, or a limb due to an accident. Benefits are paid based on the following schedule.

AD&D SCHEDULE OF LOSSES	BENEFIT AMOUNT
Loss of Life	100%
Loss of Both Hands or Both Feet	100%
Loss of One Hand and One Foot	100%
Loss of Speech and Hearing	100%
Loss of Sight of Both Eyes	100%
Loss of One Hand and the Sight of One Eye	100%
Loss of One Foot and the Sight of One Eye	100%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Loss of Sight of One Eye	50%
Loss of One Hand or One Foot	50%
Loss of Speech or Hearing	50%
Loss of Thumb and Index Finger of Same Hand	25%
Uniplegia	25%

The following additional benefits are included with our Accidental Death & Dismemberment plan. For amount and availability of benefits, please refer to the Plan Design Summary.

Seat Belt Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while wearing a properly worn seat belt.

Air Bag Benefit

Pays an additional benefit, up to the percentage and maximum amounts indicated in the Plan Design Summary, if the covered insured dies in an automobile accident while seated in a seat containing a factory installed air bag.

Education Benefit

Pays an additional benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, if a covered insured dies in an accident and has qualified dependent children attending a school of higher learning. The benefit is payable for each insured child and up to four annual payments.

Repatriation

If a covered insured dies as a result of an accident more than 75 miles from their principal place of residence, the benefit pays the actual costs, up to the maximum amount indicated in the Plan Design Summary, for the preparation and transportation of the insured employee's body back to their home.

Day Care Benefit

If a covered insured dies as the result of an accident, a day care benefit, up to the percentage and annual maximum indicated in the Plan Design Summary, is payable for



Prepared for:
City of Lubbock, Texas

reimbursement of eligible day care expenses for each qualified dependent enrolled in a licensed day care facility. The benefit is payable each year up a maximum five years.

Spouse Training Benefit

If a covered insured dies as the result of an accident, a benefit is payable to the insured's spouse to cover their cost of education, up to the maximum amount indicated in the Plan Design Summary, if they enroll in a school of higher learning within one year of the insured's death.

Common Disaster Benefit

If a covered insured dies as the result of an accident, and their insured spouse dies in the same accident, or separate accidents occurring within 24 hours of each other, we will increase the insured spouse's benefit to equal the benefit of the insured, up to the maximum amount shown in the Plan Design Summary.

Coma Benefit

If a covered insured is injured in an accident, becomes comatose within 31 days of the accident, and remains comatose for a period of at least 60 days, we will pay a percentage of the insured's benefit amount, on a monthly basis. The percentage, monthly maximum and number of months are as indicated in the Plan Design Summary.

Reduction Schedule

Benefits reduce according to the schedule indicated in the Plan Design Summary. All reduction percentages are from the original amount.

Exclusions

Unless specifically covered in the policy, or required by state law, we will not pay any AD&D benefit for any loss that, directly or indirectly, results in any way from or is contributed to by:

- ó Disease of the mind or body, or any treatment thereof;
- ó Infections, except those from an accidental cut or wound;
- ó Suicide or attempted suicide;
- ó Intentionally self-inflicted injury;
- ó War or act of war;
- ó Travel or flight in any aircraft while a member of the crew;
- ó Commission of or participation in a felony;
- ó Under the influence certain drugs, narcotics or hallucinogens unless properly used as prescribed by a physician;
- ó Intoxication as defined in the jurisdiction where the accident occurred;
- ó Participation in a riot.

Voluntary Dependent Life Insurance

Dependent Effective Date of Coverage

If the insured meets the effective date requirements, then the dependents are eligible for coverage unless confined to a hospital. If hospitalized dependent coverage will become effective on the date the eligible dependent is no longer hospital confined.

Spouse Coverage

A covered spouse, which includes Domestic Partners where permitted, will be covered for the amount indicated in the Plan Design Summary.

In order for a spouse to be covered, the eligible insured person must also be covered. A spouse cannot be insured for more than 100% of the amount the insured person is eligible for.

Spouse Guarantee Issue

Spouse amounts up to the Guarantee Issue amount stated in the Plan Design Summary are offered with no need for Evidence of Insurability. Amounts in excess of the Guarantee Issue amount are subject to underwriting approval before becoming effective.

Dependent Child Coverage

Eligible Dependent Children will be covered for the amounts as indicated in the Plan Design Summary. Dependent children are covered until reaching the ages indicated in the Plan Design Summary.

Portability

If Voluntary Life coverage ceases for reasons other than the employees retirement or termination of the policy, eligible insured dependents can purchase portable term life insurance without Evidence of Insurability. As long as premiums are paid, portable coverage continues until the spouse reaches the maximum age indicated in the plan design summary.

Conversion

Dependents whose coverage terminates may be able to convert their Voluntary Life coverage to individual policies. Upon coverage termination administrators have 31 days after coverage ends to inform the dependents of their right to convert to an individual policy without evidence of insurability. Conversion does not apply to amounts.

Termination of Dependent Life Insurance

Dependent Life insurance will end on the earliest of the following:

- ó The date the insured person is no longer covered under the policy;
- ó The date the Policy is terminated;
- ó The date any required premiums cease to be paid; or
- ó The date the dependent is no longer an eligible dependent under the policy.



Prepared for:
City of Lubbock, Texas

Enhanced Product Services Included with Group Term Life

Beneficiary Resource Services™: A Wellness Plan for Life

When a loved one dies, families often face complex issues ranging from estate planning, legal questions, funeral planning, coping with grief and financial uncertainties. That's why Dearborn National offers Beneficiary Resource Services, a program that combines family wellness and security at the most difficult of times. Services include grief and financial counseling, funeral planning, legal support as well as online will preparation. Beneficiary Resource Services is provided by Bensinger, DuPont & Associates (BDA).

Services for insureds and their families.

Online Will Preparation- A will is one of the most important documents every adult should have, and creating one has never been easier. Insureds and their families will have access to a full legal library with many estate planning documents, including an online will. Insureds can create their own wills online in a safe and secure way, right from their homes. The will can be saved and updated as family situations change. Creating a will provides security and peace of mind for several reasons:

- ó Appoints a guardian for children
- ó Controls where property and assets go
- ó Provides family security
- ó Without one, the state can make these decisions

Funeral Planning - Insureds and beneficiaries have access to an online funeral planning site that features a variety of helpful tools and information, such as:

- ó A downloadable funeral planning guide for insureds to document vital information their loved ones will need when making final arrangements
- ó Calculators to estimate and compare expenses for various types of funeral arrangements
- ó Information on funeral requirements and various religious customs
- ó Directories to locate funeral homes and cemeteries in the insured's area

Services for beneficiaries (and their families) after a death claim or for those that qualify for an accelerated death benefit

Unlimited Phone Contact - Available for up to one year with a grief counselor, legal advisor or financial planner.

Face-to-Face Working Sessions* - Five face-to-face working sessions are available to the insured person or beneficiary. All five sessions may be used with one grief counselor or legal advisor, or they may be split among the two types of counselors or advisors in geographically accessible locations. A one-hour financial consultation on the phone is also available.

**May include face-to-face sessions, over-the-phone sessions or time taken for research or document preparation.*

Referrals and Support Services - BDA maintains a comprehensive directory of qualified and accessible grief counselors and legal and financial consultants.

Follow Up - Counselors will initiate follow-up calls when necessary for up to one full year from the date of initial contact.



Prepared for:
City of Lubbock, Texas

BDA's nationwide network of experienced professionals can offer counseling for individuals facing difficult emotional, financial or legal issues. BDA's counselors are available 24 hours a day, 365 days a year. All calls are completely confidential.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

To provide the support people need while traveling on business or pleasure, we provide Travel Resource Services², a program that assists travelers if the unexpected happens.

Services are available to insureds and their families traveling 100 or more miles from their primary residence, and include:

ó Medical Search and Referral	ó Medical Monitoring
ó Medical Evacuation/Return Home	ó Traveling Companion Assistance
ó Dependent Children Assistance	ó Visit by Family Member/Friend
ó Return of Mortal Remains	ó Replacement of Medication and Eyeglasses
ó Emergency Message Relay	ó Emergency Travel Arrangements
ó Emergency Cash	ó Locating Lost or Stolen Items
ó Legal Assistance/Bail	ó Interpretation/Translation
ó Pre-Trip Information	

¹ Travel Assistance Services are provided to groups with 50 or more employees; Not available in all states.

² We contract with Europ Assistance USA, Inc. to provide the Travel Resource Services. We do not provide any part of the Travel Resource Services.

Travel Resource Services¹

In today's global economy, the need for world travel is now greater than ever. However, a trip, whether for business or pleasure, can be disrupted by the unexpected. A medical emergency, a lost prescription or even emergencies involving a spouse, child or traveling companion can jeopardize a trip.

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ó Legal Assistance/Bail	ó Interpretation/Translation
ó Pre-Trip Information	

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Prepared for:
City of Lubbock, Texas

Additional Plan Features

Voluntary Life	All Eligible Active Employees	All Retiree Employees
Option	Current Plan	Current Plan
Waiver of Premium - Definition of Disability	Any Occupation	Not Applicable
Waiver of Premium - Maximum Qualifying Age	60	Not Applicable
Waiver of Premium - Specific Conditions Benefit	Not Applicable	Not Applicable
Extended Insurance Benefit - Definition of Disability	Not Applicable	Not Applicable
Extended Insurance Benefit - Maximum Qualifying Age	Not Applicable	Not Applicable
Extended Insurance Benefit - Duration	Not Applicable	Not Applicable
FMLA Extension	Included	Included
Extension		
Disability	12th Month	12th Month
Layoff	Next month	Next month
Leave	Next month	Next month
Sabbatical	6th Month	6th Month
Military Leave	12th Month	12th Month
Accelerated Death - Minimum	\$15,000	Not Applicable
Accelerated Death Benefit - Definition of Terminal Illness	12 Months	Not Applicable

Benefit Highlights

Voluntary Short Term Disability Insurance

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and regularly working the minimum number of hours as agreed. Employees may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Elimination Period

Elimination Period is the period of time from the onset of disability until benefits begin. The elimination period is indicated in the Plan Design Summary. Unless otherwise indicated, benefits begin upon exhaustion of all other sick leave, vacation, PTO or other salary continuation plans.

Total Disability is not required during the elimination period and can be satisfied with days of Partial or Total Disability. Additionally, there is no earnings loss requirement during the elimination period.

Trial Work Day Period

To encourage employees to return to work, employees may attempt to return to work full-time during their elimination period, without being required to restart the elimination period. Employees can temporarily return to work for a period of up to ½ the elimination period, maximum 14 days, and not have to begin their elimination period again if they stop working due to the same condition.

Maximum Period Payable

Voluntary STD benefits are payable for the complete number of weeks indicated on the Plan Design Summary, or until LTD benefits are payable, whichever occurs first. The Maximum Period shown does not include the elimination period.

Survivor Benefit

If a disabled employee dies after receiving disability benefits for more than three consecutive weeks, we will pay the beneficiary of the disabled employee a lump sum benefit equal to the amount shown in the Plan Design Summary.

Worksite Modification Benefit

This benefit assists in covering the cost of modifying the disabled employee's worksite to allow that employee to return to work. Once all parties agree on the modification to be performed, we will reimburse the employer the actual cost of the modification, up to the greater of two times the employee's weekly benefit, or \$1,500, unless otherwise indicated.

Pre-Existing Condition Limitation

Benefits are not payable for disability caused by conditions that existed on the employee's effective date as indicated below:

- ó A sickness or injury for which the employee received medical treatment, or advice was rendered, prescribed or recommended whether or not the sickness was diagnosed at all or within the number of months shown in the Plan Design Summary prior to the employee's effective date, and
- ó Begins within the number of months shown in the Plan Design Summary of the employee's effective date.

Definition of Disability

Disabled means that the employee is Totally Disabled or Partially Disabled due to an injury or sickness. The employee must be under the regular care of a doctor who is appropriate for the disabling condition. Loss of professional license or certification does not in and of itself mean the employee is Disabled.

Total Disability

To be considered Totally Disabled, the insured must be unable to perform the material and substantial duties of their regular occupation and have a loss of income.



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Partial Disability

To be considered Partially Disabled, the insured must have suffered an injury or sickness, is able to perform some but not all of the material and substantial duties of their regular occupation, and as a result is earning between 20% and the percentage of their pre-disability income indicated in the Plan Design Summary.

Work Incentive Benefit

If the employee meets the definition of Partial Disability, they are eligible to receive a Work Incentive Benefit.

To encourage disabled employees to return to work in some capacity, we standardly offer a Work Incentive Benefit on all Voluntary STD contracts.

The Work Incentive Benefit pays the full monthly benefit as long as the combination of the benefit plus earnings does not exceed 100% of their pre-disability income.

If benefits are due for a period of less than one week, payments will be made at a daily rate of 1/7th of the weekly benefit.

Extension of Coverage for FMLA Leave

If an insured employee is eligible for and received approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- ó The leave period permitted by FMLA and any amendments; or
- ó The leave period permitted by applicable state law.

Exclusions

- ó Loss of professional license, occupational license or certification;
- ó Pre-Existing condition;
- ó Commission of, participation in, or an attempt to commit an assault or felony;
- ó Intentionally self-inflicted injuries;
- ó Attempted suicide, regardless of mental capacity;
- ó Cosmetic surgery, except when required due to injury or sickness
- ó Occupational injury or sickness
- ó Participation in a war, declared or undeclared, or any act of war



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Enhanced Product Services Included with Voluntary Short Term Disability Insurance

Telephonic Claim Reporting

To streamline Voluntary STD claim intake, we offer a telephonic claim intake process. To initiate the claim, the employee calls us toll-free and answers a few simple questions. After the claim number is assigned and medical record release authorization is obtained, we contact the employer and physician as needed.

Online Claim Status

Through our Benefits Manager web portal, employers have online access to Voluntary STD claim information. Two reports are available - Pending Disability Claim Report includes new claims awaiting evaluation, claims awaiting payment, and claims in the appeal process. Experience Disability Claim Report includes claims on which payments have been made and are still open, closed, or in the appeal process.

W-2 Reporting

Upon request, we will prepare and mail W-2 Wage and Tax Statements to employees at no additional charge to the employer. If we have agreed to pay the employer's share of FICA taxes, we will prepare and mail W-2 Wage and Tax Statements. We prepare W-2 Wage and Tax Statements using the applicable insuring company's federal tax identification number.

A signed FICA Match / W2 Tax Agreement is required on all disability cases.

Benefit Highlights

Voluntary Long Term Disability Insurance

Eligibility

Eligibility is as indicated in the Plan Design Summary. To be eligible, employees must be legally working in the United States and regularly working the minimum number of hours as agreed. Employees may have to complete a Waiting Period. Seasonal, part-time and temporary employees are not eligible.

Elimination Period

Elimination Period is the period of time from the onset of disability until benefits begin. The elimination period is indicated in the Plan Design Summary.

Total Disability is not required during the elimination period and can be satisfied with days of Partial or Total Disability. Additionally, there is no earnings loss requirement during the elimination period

Trial Work Day Period

To encourage employees to return to work, employees may attempt to return to work full-time during their elimination period, without being required to restart the elimination period. Employees can temporarily return to work for a period up to 1/2 the elimination period and do not have to begin their elimination period again if they stop working due to the same condition.

Maximum Period Payable

Voluntary Long Term Disability Benefits are payable based on the following schedule.

Social Security Normal Retirement Age (SSNRA)

The maximum period of payment will be determined according to the following table:

<u>Age When Disability Begins</u>	<u>Maximum Period Payable</u>
Less than age 60	To Social Security Normal Retirement Age (SSNRA)
Age 60	60 months or to SSNRA, whichever is greater
Age 61	48 months or to SSNRA, whichever is greater
Age 62	42 months or to SSNRA, whichever is greater
Age 63	36 months or to SSNRA, whichever is greater
Age 64	30 months or to SSNRA, whichever is greater
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and over	12 months

Definition of Disability

Disabled means that the employee is Totally Disabled or Partially Disabled due to an injury or sickness. The employee must be under the regular care of a doctor who is appropriate for the disabling condition. Loss of professional license or certification does not in and of itself mean the employee is Disabled.

Total Disability

During the Own Occupation Period as indicated in the Plan Design Summary, Totally Disabled means the insured must be unable to perform the material and substantial duties of their regular occupation and/or* have disability earnings less than 20% of their pre-disability income.

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After the own occ period, Totally Disabled means the insured must be unable to engage in any gainful occupation and/or* have disability earnings less than 20% of their pre-disability income.

* See Plan Design Summary for class specifics

Partial Disability

During the Own Occupation Period as indicated in the Plan Design Summary, Partially Disabled means the insured must have suffered an injury or sickness and as a result is earning between 20% and the percentage of their pre-disability income as indicated in the Plan Design Summary. Following the own occupation period, Partially Disabled means the insured is gainfully employed and earning between 20% and the percentage of their pre-disability income indicated in the Plan Design Summary.

During the elimination period, there does not need to be a loss of income to be considered either Partially or Totally Disabled.

Recurrent Disability

If disability for which benefits were payable ends but recurs due to the same or related causes less than 6 months after the end of a prior disability, it will be considered a resumption of the prior disability. Such recurrent disability shall be subject to the provisions of the policy that were in effect at the time the prior disability began.

Disability which recurs more than 6 months after the end of a prior disability is subject to:

- ó A new Elimination Period;
- ó A new Maximum Period Payable; and
- ó The other provisions of the policy that are in effect on the date the disability recurs.

Disability must recur while the employee's coverage is in force under the policy.

Voluntary LTD Monthly Benefit

If the employee meets the definition of Total Disability, they are eligible to receive a Voluntary LTD Monthly Benefit.

Work Incentive Benefit

If the employee meets the definition of Partial Disability, they are eligible to receive a Work Incentive Benefit.

To encourage disabled employees to return to work in some capacity, a Work Incentive Benefit is offered to all Partially Disabled employees.

For the number of months indicated in the Plan Design Summary, we will pay the full monthly benefit as long as the combination of the benefit plus earnings does not exceed 100% of their indexed pre-disability income.

After this period, our benefit will be calculated by multiplying the benefit times the adjusted loss of salary ratio.

Rehabilitative Incentive Income

A unique standard feature of the Voluntary LTD contract is the Rehabilitation Incentive Income feature. If we identify a partially disabled employee as a candidate for a rehabilitation program, we will work with them to structure a voluntary rehabilitation plan that assists the employee in returning to employment. The Plan details the vocational rehabilitation services available to the employee.

While the employee is participating in a voluntary rehabilitation plan, and continues to meet the obligations of the program, we will allow the employee to retain a combination of benefits and disability income in excess of 100% of their indexed pre-disability income, for 12 months.

After 12 months, we will offset the Voluntary LTD benefit by multiplying the benefit times the adjusted loss of salary ratio.



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Pre-Existing Condition Exclusion

Benefits are not payable for a disability caused by a condition that existed on the employee's effective date as indicated below:

- ó A sickness or injury for which the employee received medical treatment, or advice was rendered, prescribed or recommended whether or not the sickness was diagnosed at all or misdiagnosed within the number of months prior to the employee's effective date as indicated in the Plan Design Summary, and
- ó The condition results in a Disability that begins within the number of months after the employee's effective date as indicated in the Plan Design Summary .

Continuity of Coverage (No Loss/No Gain)

If an employee was insured under the prior policy on the day before this policy's effective date due to a continuance or extension of coverage, the employee may have limited coverage under this policy even if they do not satisfy the actively at work requirement. Coverage will be extended to the earlier of the end of the month the employee becomes actively at work, end of any extension period under the prior policy, or the date coverage would otherwise end under this policy.

If an employee becomes disabled due to a pre-existing condition, benefits may be payable under our policy if the employee was insured for Voluntary LTD with the prior carrier, and was insured at the time coverage changed to our policy, and remained insured under this policy.

For benefits to be payable, the employee must satisfy the pre-existing condition exclusion under either our policy, or the prior policy if benefits would have been payable had the prior plan remained in place.

The benefit payable will be the lesser of the monthly benefit payable under the prior plan or the monthly benefit under our plan.

Mental and Nervous Disorder Limitation

Disabilities due to Mental and/or Nervous disorders are limited to the number of months shown in the Plan Design Summary, unless the disabled employee is confined to a facility licensed for the treatment of Mental and Nervous disorders.

Special Conditions Limitation

Disabilities due to condition identified as a Special Condition are limited to the number of months shown in the Plan Design Summary, unless the disabled employee is confined to a licensed medical facility licensed to provide treatment for the disabled employee's condition. Special Conditions include but are not limited to musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles.

The lifetime cumulative maximum period payable for all disabilities due to a mental disorder, substance abuse or special conditions is indicated in the Plan Design Summary. Only that period of benefits will be paid for any combination of such disabilities even if the disabilities are not continuous or not related.

Worksite Modification Benefit

This benefit assists in covering the cost of modifying the disabled employee's worksite to allow that employee to return to work. Once all parties agree on the modification to be performed, We will reimburse the employer the actual cost of the modification, up to the amount shown in the Plan Design Summary.

Survivor Income Benefit

If a disabled employee dies after having been disabled for a minimum of 90 or more consecutive days and was receiving benefits under the policy, we will pay a lump sum benefit equal to the number of months of benefit as indicated in the Plan Design Summary.

Day Care Expense Benefit

To assist employees taking advantage of our Rehabilitative Incentive Income feature, we offer Day Care Expense Benefits. This benefit reimburses claimants for any day care



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Enhanced Product Services Included with Voluntary Long Term Disability Insurance

Disability Resource Services - Telephonic and Face-to-Face Support for Behavioral Health Issues

Provided to all groups with Long-Term Disability coverage:

- ó 24 Hour telephonic support (for all Long-Term Disability insureds) for behavioral health issues. A staff of master degree clinicians is available to provide each caller with assessment, counseling and referral advice for face-to-face counseling. Offered at no additional charge, these services enhance the value of an employee benefit program while helping to manage employee productivity and minimize absences.
- ó Face-to-face counseling. Up to 3 face-to-face counseling sessions per year to address appropriate behavioral health issues.
- ó Guidance Resources ® Online is a secure, password-protected interactive Web site that contains self-assessments, search tools, extensive content on personal health and powerful tools to help with personal, relational, legal, health and financial concerns. This service is free of charge to you, your insured employees and their families. Assistance through Guidance Resources ® Online is available 24 hours a day, 7 days a week.

Enhanced Employee Assistance Programs (EAPs) are available. Contact your Dearborn National representative for more information.

Guidance Resources ® Online and Employee Assistance Programs (EAPs) are made available through ComPsych ® , a worldwide leader in EAPs, managed behavioral health, work-life services, crisis intervention and Human Resources support services.



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expenses they may incur for children under age 13 while participating in the rehabilitation program. The benefit pays up to the amount indicated in the Plan Design Summary, to an overall monthly maximum of \$1,000.

Rehabilitation Benefit

If the disabled employee is participating in a formal rehabilitation plan while receiving benefits, we will pay an additional monthly benefit equal to the percentage of their benefit indicated in the Plan Design Summary, up to the amount indicated. This additional benefit is payable for a maximum of the number of months indicated in the Plan Design Summary.

Extension of Coverage for FMLA Leave

If an insured employee is eligible for and received approval for leave under the Family and Medical Leave Act of 1993 (FMLA) or any applicable state family and medical leave law, insurance will continue (provided premium continues to be paid) for a period up to the later of:

- ó The leave period permitted by FMLA and any amendments; or
- ó The leave period permitted by applicable state law.

EXCLUSIONS

The policy does not cover any loss or Disability caused by, resulting from, arising out of or substantially contributed, directly or indirectly, to by any one or more of the following:

- ó A Pre-Existing Condition
- ó Commission of, participation in, or an attempt to commit an assault or felony;
- ó Intentionally Self-Inflicted Injuries;
- ó Participation in a war, declared or undeclared;
- ó Active military duty;
- ó Active Participation in a Riot;
- ó Commission of a Felony for which the insured has been convicted.

EXHIBIT C2

SAMPLE LONG TERM DISABILITY POLICY

Group Long Term Disability Insurance

Employee Benefit Booklet

Dearborn  National[®]

SAMPLE TX

SAMPLETX-0001

Class 1-01

Products and services marketed under the Dearborn National[®] brand and the star logo are underwritten and/or provided by Dearborn National[®] Life Insurance Company (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.

09/07/2012

Dearborn National® Life Insurance Company

Group Certificate

Dearborn National Life Insurance Company

Chicago, Illinois

Administrative Office: 1020 31st Street • Downers Grove, IL 60515

Having issued Group Policy No. **SAMPLETX-0001**

(herein called the Policy or this Plan)

to

SAMPLE TX

(herein called the Policyholder)

CERTIFIES that *You* are insured, provided that *You* qualify under the ELIGIBILITY AND EFFECTIVE DATES provision, become insured and remain insured in accordance with the terms of the Policy. *Your* insurance is subject to all the definitions, limitations and conditions of the Policy. It takes effect on the effective date stated in the ELIGIBILITY AND EFFECTIVE DATES provision.

This certificate describes *Your* eligibility for benefits and the terms and provisions of the Policy. It replaces and cancels any other certificate previously issued to *You* under the Policy.

If the terms and provisions of the Certificate of Coverage (issued to *You*) are different from the policy (issued to the *Policyholder*), the Policy will govern. *Your* coverage may be canceled or changed in whole or in part under the terms and provisions of the Policy.

READ YOUR CERTIFICATE CAREFULLY

Signed for Dearborn National Life Insurance Company

Secretary

President

THE INSURANCE POLICY UNDER WHICH THIS CERTIFICATE IS ISSUED IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. YOU SHOULD CONSULT YOUR EMPLOYER TO DETERMINE WHETHER YOUR EMPLOYER IS A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM.

Group Long Term Disability Certificate

Non-Participating

THIS IS NOT A WORKERS' COMPENSATION CERTIFICATE

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact your _____ (title)
at _____ (telephone number).

You may call Dearborn National Life Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-348-4512

You may also write to Dearborn National Life Insurance Company at:

1020 31st Street, Downers Grove, IL 60515-5591

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P. O. Box 149104
Austin, TX 78714-9104
FAX #(512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim, you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para informacion o para someter una queja:

Peude comunicarse con su _____ (title)
al _____ (telephone number).

Usted puede llamar al numero de telefono gratis de Dearborn National Life Insurance Company para informacion o para someter una queja al:

1-800-348-4512

Usted tambien escribir a Dearborn National Life Insurance Company al:

1020 31st Street, Downers Grove, IL 60515-5591

Puede comunicarse con el Departamento de Seguros de Texas para conseguir informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104
Austin, TX 78714-9104
FAX #(512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con al Departamento de Seguros de Texas.

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

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Note: All terms in *Italics* are listed and defined in the Definitions section or within the certificate itself.

SCHEDULE OF BENEFITS

<i>Policyholder:</i>	SAMPLE TX
Policy Number:	SAMPLETX-0001
Effective Date:	January 1, 2013
Eligibility:	The following are eligible: All active full-time employees. A full-time employee is one who regularly works a minimum of 30 hours per week for the <i>Policyholder</i>. Part-time, seasonal and temporary employees of the <i>Policyholder</i> are not eligible.
Waiting Period:	If <i>You</i> are in a class eligible for insurance on or before the Policy Effective Date: First of the month following 30 Days of continuous, full-time active work If <i>You</i> enter a class eligible for insurance after the Policy Effective Date: First of the month following 30 Days of continuous, full-time active work
Rehire Provision:	If <i>Your</i> coverage ends due to termination of employment and you return to <i>Active Work</i> in an eligible class within 6 months, you will not have to satisfy a new <i>Waiting Period</i> .
Elimination Period:	90 Days
LTD Monthly Benefit:	60% of <i>Monthly Earnings</i> to a <i>Maximum Gross Monthly Benefit</i> of \$5,000.00 per month subject to reduction by deductible sources of income or <i>Disability Earnings</i>
Social Security Offset Method:	Primary & Family
Minimum Monthly Benefit:	\$100.00 or 10% of <i>Your Gross LTD Monthly Benefit</i> , whichever is greater
Policyholder Contribution:	100% of premium

Maximum Period Payable:	Age on Date <i>Disability</i> Commences	Maximum Period Payable
	Less than 60	To SSNRA*
	60	60 months or to SSNRA*, whichever is greater
	61	48 months or to SSNRA*, whichever is greater
	62	42 months or to SSNRA*, whichever is greater
	63	36 months or to SSNRA*, whichever is greater
	64	30 months or to SSNRA*, whichever is greater
	65	24 months
	66	21 months
	67	18 months
	68	15 months
	69 or over	12 months

* Social Security Normal Retirement Ages Based on the 1983 amendment to the Social Security Act, the following are normal retirement ages by date of birth.

Year of Birth	Social Security Normal Retirement Age
1937 or earlier	65 years
1938	65 years, 2 months
1939	65 years, 4 months
1940	65 years, 6 months
1941	65 years, 8 months
1942	65 years, 10 months
1943-1954	66 years
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 or later	67 years

OTHER FEATURES

The following other features are included:

- Waiver of Premium
- Work Incentive Benefit
- Rehabilitation Incentive Income
- Recurrent Disability
- FMLA Coverage Extension
- Survivor Benefit
- Day Care Benefit
- Worksite Modification Benefit
- Vocational Rehabilitation Service
- Social Security Assistance
- Continuity of Coverage

THIS SCHEDULE OF BENEFITS CANCELS AND REPLACES ALL OTHER SCHEDULES PREVIOUSLY ISSUED TO YOU UNDER THE POLICY. IT OUTLINES THE POLICY FEATURES. THE FOLLOWING PAGES PROVIDE A COMPLETE DESCRIPTION OF THE PROVISIONS OF YOUR CERTIFICATE.

ELIGIBILITY AND EFFECTIVE DATES

Who is eligible for this insurance?

The following people are eligible: All active full-time employees.

The *Waiting Period* is shown in the *Schedule of Benefits*.

00001

When does Your Noncontributory insurance become effective?

If *You* are an eligible Employee, *Your Noncontributory* coverage under the Policy will become effective on the day following completion of the *Waiting Period*, if any, shown in the *Schedule of Benefits*, provided you are *Actively at Work* on that day.

If *You* waive all or a portion of *Your Noncontributory* coverage and choose to enroll at a later date, *You* are considered a late applicant and must furnish *Evidence of Insurability satisfactory to Us* before coverage can become effective. Coverage will become effective on the date *We* determine that the *Evidence of Insurability* is *satisfactory* and *We* provide written notice of approval.

You must be *Actively at Work* for coverage under the Policy to become effective. If, because of *Injury* or *Sickness*, *You* are not *Actively at Work* on the date the insurance would otherwise take effect, it will take effect on the day *You* return to *Active Work*.

Noncontributory means the *Policyholder* pays 100% of the premium for this insurance.

00002

Who pays for Your coverage?

The *Policyholder* pays the entire cost of *Your* coverage.

00008

Do You have to pay premium while You receive benefits?

We will waive premium for *You* during a period of *Disability* for which the *LTD Monthly Benefit* is payable under the Policy. Premium payment is required during *Your Elimination Period* or any other period when the *LTD Monthly Benefit* is not payable under the Policy.

00009

What happens if We are replacing an existing Policy?

Effect on Actively at Work requirement

If *You* were insured under the *Prior Policy* on the day before the Policy Effective Date, *You* may be covered by the Policy even if *You* do not satisfy the *Actively at Work* requirement as stated in the *When does insurance become effective?* provision and *You* would otherwise be eligible to become insured under the Policy, *We* will provide limited coverage under this Plan. Coverage under this provision will begin on the Policy effective date and will continue until the earliest of:

1. The end of the month following the date *You* become *Actively at Work*;
2. The end of any period of continuance or extension provided under the *Prior Policy*; or
3. The date coverage would otherwise end, according to the provisions of the Policy.

Your coverage under this provision is subject to payment of premium.

Effect on Benefits

If *You* do not satisfy the *Actively at Work* requirement, *You* may still be eligible for benefits under the Policy as follows:

The benefits payable under the Policy will be the benefits which would have been payable under the terms of the *Prior Policy* if it had remained in force; and the benefits payable under the *Policy* will be reduced by any benefits payable under the *Prior Policy* for the same *Disability* for which the prior carrier is liable.

The ***Prior Policy*** is the group disability insurance policy issued to the Policyholder by ABC Carrier whose coverage terminated immediately prior to the Policy Effective Date.

Effect on Pre-existing Conditions

If *You* have a *Disability* due to a *Pre-Existing Condition* after the *Prior Policy* has been replaced by this Plan, Benefits may be payable if:

1. *You* were insured under the *Prior Policy* at the time the Policyholder changed coverage from the *Prior Policy* to the *Policy*; and
2. *You* have been continuously insured under this Plan from the effective date of this Plan until the date *Your Disability* began.

In order for benefits to be paid, *You* must satisfy the *Pre-Existing Condition* exclusion under:

1. this Plan; or
2. the *Prior Policy*, if benefits would have been paid had the *Prior Policy* remained in force.

If *You* satisfy the *Pre-Existing Condition* exclusion of this Plan, *We* will determine *Your* payments according to this Plan's provision.

If *You* do not satisfy the *Pre-Existing Condition* exclusion of this Plan, but *You* do satisfy the *Pre-Existing Condition* provision under the *Prior Policy*:

1. *Your Monthly Benefit* will be the lesser of:
 - a. The *Monthly Benefit* that would have been payable under the terms of the *Prior Policy* if it had remained in force; or
 - b. The *Monthly Benefit* under this Plan.
2. Benefits will end on the earlier of:
 - a. The date benefits end under the *Policy*, as described under the Maximum Period Payable; or
 - b. The date benefits would have ended under the *Prior Policy* if it had remained in force.

If *You* do not satisfy the *Pre-Existing Condition* exclusion under either this Plan or the *Prior Policy*, *We* will not make any payments.

We will require proof that *You* were insured under the *Prior Policy*.

00010

LONG TERM DISABILITY BENEFITS

How do We define Total Disability?

Total Disability or ***Totally Disabled*** means that due to *Sickness* or *Injury*;

1. *You* are continuously unable to perform the *Material and Substantial Duties* of *Your Regular Occupation*, and
2. *Your Disability Earnings*, if any, are less than 20% of *Your* pre-disability *Indexed Monthly Earnings*.

00011

How do We define Partial Disability?

Partial Disability or ***Partially Disabled*** means that:

1. During the *Elimination Period* *You* are unable to perform all of the *Material and Substantial Duties* of *Your Regular Occupation*.
2. Due to *Injury* or *Sickness* *You* are unable to perform all of the *Material and Substantial Duties* of *Your Regular Occupation*, and *Your Disability Earnings*, if any, are at least 20% but less than or equal to 80% of *Your* pre-disability *Indexed Monthly Earnings*.

00014

Loss of Professional License or Certification

If *You* require a professional license or certification for *Your* occupation, loss of that professional license or certification does not in and of itself constitute *Disability*.

00017

What is the Elimination Period and how is it satisfied?

The *Elimination Period* is a period of continuous *Disability* which must be satisfied before *You* are eligible to receive benefits from *Us*. It is shown in the *Schedule of Benefits* and begins on *Your Date of Disability*.

If *You* temporarily recover and return to work, *We* will treat *Your Disability* as continuous if *You* return to work for a period of less than or equal to one-half the *Elimination Period* rounded up to the next whole number, not to exceed 90 days. The days that *You* are not *Disabled* will not count toward *Your Elimination Period*.

If *You* return to work for a period greater than one-half the *Elimination Period*, or 90 days, whichever is less, and become *Disabled* again, *You* will have to begin a new *Elimination Period*.

00018

Can You satisfy Your Elimination Period if You are working?

You can satisfy *Your Elimination Period* if *You* are working, provided *You* meet the definition of *Disability*.

00019

What Disability Benefit are You eligible to receive?

If *You* are *Disabled*, *You* are eligible to receive one of the following at any given time:

1. an *LTD Monthly Benefit*;
2. a *Work Incentive Benefit*; or
3. *Rehabilitation Incentive Income*.

While *You* are *Disabled*, *You* might be eligible to receive one or the other of the above, but *You* cannot receive more than one of these benefits at the same time.

00020

What is Your LTD Monthly Benefit and how is it calculated?

Your LTD Monthly Benefit will be based on *Your Monthly Earnings* as reported to *Us* by the *Policyholder* and for which premium has been paid.

An *LTD Monthly Benefit* will be payable after the end of the *Elimination Period* if *You* are *Disabled*. *We* will calculate *Your Gross LTD Monthly Benefit* amount as follows:

1. Multiply *Your Monthly Earnings* by 60%.
2. The maximum *Gross LTD Monthly Benefit* is \$5,000.00.
3. Compare the answers from Item 1 and Item 2. The lesser of these two amounts is *Your Gross LTD Monthly Benefit*.
4. Subtract the *Deductible Sources of Income* from *Your Gross LTD Monthly Benefit*. The resulting figure is *Your Net LTD Monthly Benefit*.
5. Compare the answer from item 3 and 4.

The lesser amount figured in item 5 is *Your Monthly Benefit*.

If a benefit is payable for less than one month, it will be paid on the basis of 1/30th of the *Net LTD Monthly Benefit* for each day of *Disability*.

00021-A

How do We define Monthly Earnings?

Monthly Earnings means *Your* gross monthly income from *Your Employer* in effect just prior to *Your Date of Disability*. It includes *Your* total income before taxes and any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes income actually received from commissions, but does not include bonuses, overtime pay, or any other extra compensation, or income received from sources other than *Your Employer*.

Commissions will be averaged for the lesser of:

- a. the 12 full calendar month period of *Your* employment with *Your Employer* just prior to the date *Disability* begins; or
- b. the period of actual employment with *Your Employer*.

Earnings, whether for a full year or partial year, will be converted to a monthly amount for the purpose of calculating the *Monthly Benefit*.

00022

What are the Deductible Sources of Income?

1. *Disability* benefits paid, payable, or for which *You* are eligible under:
 - a. The Social Security Act, including any amounts for which *Your* dependents may qualify because of *Your Disability*;
 - b. Any Workers' Compensation or Occupational Disease Act or Law, or any other law which provides compensation for an occupational Injury or Sickness;
 - c. Occupational accident coverage provided by or through the *Policyholder*;
 - d. Any Statutory Disability Benefit Law;
 - e. The Railroad Retirement Act;
 - f. The Canada Pension Plan, Quebec Pension Plan, or any other similar disability or pension plan or act;
 - g. The Canada Old Age Security Act;
 - h. Any Public Employee Retirement System Plan, or any State Teachers' Retirement System Plan, or any plan provided as an alternative to any of the above acts or plans;

- i. Title 46, United States Code Section 688 et seq (The Jones Act);
 - j. Title 33, United States Code Section 901 et seq (Longshore and Harbor Workers' Compensation Act).
2. *Disability* benefits paid, payable, or for which You are eligible under:
 - a. Any group insurance plan provided by or through the Policyholder, and
 - b. Any sick leave or salary continuance plan provided by or through the Policyholder which causes the *Net Monthly Benefit*, plus Deductible Sources of Income and any salary continuation to exceed 100% of Your pre-disability *Indexed Monthly Earnings*. The amount in excess of 100% of Your pre-disability *Indexed Monthly Earnings* will be used to reduce Your *Net Monthly Benefit*.
 3. Retirement benefits paid under the Social Security Act including any amounts for which Your dependents may qualify because of Your retirement;
 4. Retirement and *Disability* benefits paid under a Retirement Plan provided by the Policyholder except for amounts attributable to Your contributions;
 5. *Disability* benefits paid under any No Fault Auto Motor Vehicle coverage;
 6. Amounts received from a third party after subtracting attorney's fees by judgment, settlement or otherwise, not to exceed 50% of the net settlement.

Proration of Lump Sum Awards

If any Deductible Source of Income described above is paid in a single sum through compromise settlement or as an advance on future liability, *We* will determine the amount of reduction to Your *Gross LTD Monthly Benefit* as follows:

1. *We* will divide the amount paid by the number of months for which the settlement or advance was provided; or
2. If the number of months for which the settlement or advance is made is not known, *We* will divide the amount of the settlement or advance by the expected remaining number of months for which *We* will provide benefits for Your *Disability* based on the Proof of *Disability* which *We* have, subject to a maximum of 60 months.

What other sources of income are not deductible?

We will not reduce Your *Gross LTD Monthly Benefit* by any of the following:

1. deferred compensation arrangements such as 401(k), 403(b) or 457 plans;
2. credit disability insurance;
3. pension plans for partners;
4. military pension and disability income plans;
5. franchise disability income plans;
6. individual disability income plans;
7. a Retirement Plan from another Policyholder;
8. profit sharing plans;
9. thrift or savings plans;
10. individual retirement account (IRA);
11. tax sheltered annuity (TSA);
12. stock ownership plan.

00023

Can You work and still receive benefits?

While *Disabled*, You may qualify for the Work Incentive Benefit or Rehabilitation Incentive Income, but not both.

Work Incentive Benefit

A Work Incentive Benefit will be payable if *You* are *Disabled* and *Gainfully Employed* after the end of the *Elimination Period*, or after a period during which *You* received *LTD Monthly Benefits*.

The Work Incentive Benefit will be calculated while *You* are *Gainfully Employed* as follows:

1. We will add together the *Gross Monthly Benefit* and *Disability Earnings* and compare to pre-disability *Indexed Monthly Earnings*.
2. If the total amount in Item 1 exceeds 100% of pre-disability *Indexed Monthly Earnings*, the Work Incentive Benefit will be equal to the *LTD Monthly Benefit* reduced by the amount of the excess.
3. If the total amount in Item 1 does not exceed 100% of pre-disability *Indexed Monthly Earnings*, the Work Incentive Benefit will be equal to the *LTD Monthly Benefit* amount.

After the first 24 months of disability payments while *You* are *Disabled and Gainfully Employed*, the Work Incentive Benefit will be equal to the *Net Monthly Benefit* multiplied by the *Adjusted Loss of Salary Ratio*.

The Work Incentive Benefit will cease on the earliest of the following:

1. the date *You* are no longer *Disabled*; or
2. the end of the *Maximum Period Payable*.

Adjusted Loss of Salary Ratio is equal to: A divided by B

A= *Your pre-disability Indexed Monthly Earnings* minus *Your Disability Earnings*

B= *Your pre-disability Indexed Monthly Earnings*

Rehabilitation Incentive Income

Rehabilitation Incentive Income will be payable after the end of the *Elimination Period*, or after a period during which *You* received *LTD Monthly Benefits*. This benefit is payable if *You* are *Disabled and Gainfully Employed* in an occupation that has been approved as part of a *Rehabilitation Plan*.

Rehabilitation Incentive Income will be calculated during the first 24 months of *Gainful Employment* as follows:

1. If *Disability Earnings* exceed 100% of pre-disability *Indexed Monthly Earnings*, Rehabilitation Incentive Income will be equal to the *Net Monthly Benefit* reduced by the amount of the excess.
2. If *Disability Earnings* do not exceed 100% of pre-disability *Indexed Monthly Earnings*, Rehabilitation Incentive Income will be equal to the *Monthly Benefit*.

After the first 24 months of *Gainful Employment*, Rehabilitation Incentive Income will be equal to the *LTD Monthly Benefit* multiplied by the *Adjusted Loss of Salary Ratio*.

Rehabilitation Incentive Income will cease on the earliest of the following:

1. as stated in the *Rehabilitation Plan*;
2. the date *You* fail to comply with the requirements of the *Rehabilitation Plan*;
3. the date *You* are no longer *Gainfully Employed*; or
4. the end of the *Maximum Period Payable*.

Adjusted Loss of Salary Ratio is equal to: A divided by B

A= *Your pre-disability Indexed Monthly Earnings* minus *Your Disability Earnings*

B= *Your pre-disability Indexed Monthly Earnings*

00024-A

What is the minimum Net LTD Monthly Benefit payable under the Policy?

The *Net LTD Monthly Benefit* payable for *Disability* will not be less than \$100.00 or 10% of *Your Gross LTD Monthly Benefit*, whichever is greater. The minimum Net LTD Monthly Benefit does not apply if You are Gainfully Employed

00025

What happens if Your Deductible Sources of Income increase?

The *Net LTD Monthly Benefit* will not be further reduced for subsequent cost-of-living increases which are paid, payable, or for which You or Your dependents are eligible under any Deductible Source of Income shown above.

00026

How long will You receive benefits under the Policy?

We will send You a payment for each month of *Disability* up to the *Maximum Period Payable* as shown in the *Schedule of Benefits*. Payment of benefits is also subject to any benefit duration limitation pertaining to *Your Disability*.

00027

What happens if Your Disability recurs?

If *Disability* for which benefits were payable ends but recurs due to the same or related causes less than 6 months after the end of a prior *Disability*, it will be considered a resumption of the prior *Disability*. Such recurrent *Disability* shall be subject to the provisions of the Policy that were in effect at the time the prior *Disability* began.

Disability which recurs more than 6 months after the end of a prior *Disability* is subject to:

1. a new *Elimination Period*;
2. a new *Maximum Period Payable*; and
3. the other provisions of the Policy that are in effect on the date the *Disability* recurs.

Disability must recur while *Your coverage* is in force under the Policy.

00028

EXCLUSIONS AND LIMITATIONS

What are the exclusions and limitations under the Policy?

The Policy does not cover any loss or *Disability* caused by, resulting from, arising out of or substantially contributed, directly or indirectly, to by any one or more of the following:

- a *Pre-Existing Condition*;
- commission of, participation in, or an attempt to commit an assault or felony;
- Intentionally self-inflicted injuries;
- attempted suicide, regardless of mental capacity;
- participation in a war, declared or undeclared, or any act of war;
- active military duty;
- active *Participation in a Riot*;

The *Policy* has limitations on:

- *Mental Disorder - Disability* beyond 24 months after the *Elimination Period* if it is due to a *Mental Disorder* of any type. Confinement in a *Hospital* or institution licensed to provide care and treatment for mental illness will not be counted as part of the 24-month limit.
- *Substance Abuse* – A *Substance Abuse* (drug or alcohol) related *Disability* unless *You* are participating in a *Substance Abuse* treatment program approved by the State where the treatment program is provided. The cost of the treatment program must be borne by *You* or another group plan of the *Policyholder* (such as a group health plan or Employee Assistance Program) if one is available and covers this type of treatment.

Except as specifically stated above, in no event will *LTD Monthly Benefits* for a *Mental Disorder* or *Substance Abuse* be paid beyond the earliest of the date:

1. 24 *LTD Monthly Benefit* payments have been made; or
2. the *Maximum Period Payable* is reached; or
3. *You* refuse to participate in an appropriate, available treatment program, or *You* leave the treatment program prior to completion; or
4. *You* are no longer following the requirements of *Your* treatment plan under the program; or
5. *You* complete the initial treatment plan, exclusive of any aftercare or follow-up services.

The lifetime cumulative *Maximum Period Payable* for all disabilities due to a *Mental Disorder* and *Substance Abuse* is 24 months. Only 24 months of benefits will be paid for any combination of such disabilities even if the disabilities:

1. are not continuous; and/or
2. are not related.

Furthermore:

- Benefits are not payable for any period during which *You* are confined to a penal or correctional institution if the period of confinement exceeds 30 days.
- Benefits are not payable when *You* are able to return to work in *Your Regular Occupation* on a part-time basis but *You* do not.

00029

TERMINATION OF COVERAGE

When will Your insurance terminate?

Your coverage will terminate on the earliest of the following dates:

1. the date on which the Policy is terminated;
2. the date *You* stop making any required contribution toward payment of premiums;
3. the date on which the Employer's participation under the Policy is terminated; or
4. the date *You*:
 - a. are no longer a member of a class eligible for this insurance,
 - b. request termination of coverage under the Policy,
 - c. are retired or pensioned, or
 - d. cease work because of a leave of absence, furlough, layoff, or temporary work stoppage due to a labor dispute, unless *We* and the *Policyholder* have agreed in writing in advance of the leave to continue insurance during such period.

Termination will not affect a covered loss which began while the coverage was in force.

00030

Will coverage be continued if You are eligible for leave under FMLA?

In the event *You* are eligible for and the *Policyholder* approves a leave under the Family and Medical Leave Act of 1993 (FMLA), or any applicable state family and medical leave law (State FML), provided the required premium continues to be paid, *Your* insurance will continue for a period of up to the later of:

1. the leave period permitted by the federal Family and Medical Leave Act of 1993 and any amendments; or
2. the leave period permitted by applicable state law.

While granted a Family or Medical Leave of Absence:

1. The *Policyholder* must remit the required premium according to the terms of the Policy; and
2. coverage will terminate if *You* do not return to work as scheduled according to the terms of *Your* agreement with the *Policyholder*.

00031

Will coverage be continued if You are eligible for leave under USERRA?

If *You* are on a leave of absence for active military service as described under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and applicable state law, *Your* coverage may be continued until the end of the later of:

1. the length of time the coverage may be continued under the Certificate for an FMLA or State FML leave of absence; or
2. the length of time the coverage may be continued under the Certificate of Coverage for a leave of absence other than an FMLA or State FML leave of absence.

00032

Will coverage be continued for other leaves of absence?

If *You* are on an approved leave of absence other than an FMLA or State FML leave of absence, and if premium is paid, *Your* coverage will be continued through the end of the month that immediately follows the month in which *Your* leave of absence begins.

If the *Policyholder* has approved more than one type of leave of absence for *You* during any one period that *You* are not *Actively at Work* *We* will consider such leaves to be concurrent for the purpose of determining how long *Your* coverage may continue under the Policy.

If *Your* coverage is not continued during an FMLA or State FML leave of absence, and *You* become *Actively at Work* immediately following the end of *Your* FMLA or State FML leave of absence, *Your* coverage will be reinstated. *We* will not apply a new *Waiting Period*, require *Evidence Of Insurability*, or apply a new *Pre-existing Condition* limitation.

If *Your* coverage is not continued during a leave of absence for active military service, and *You* return to active employment, *Your* coverage may be reinstated in accordance with USERRA and applicable state law.

In no event will *Your* coverage under the policy be continued beyond the date *Your* coverage would otherwise end according to the terms of the *When will Your insurance terminate?* provision.

00033

DAY CARE EXPENSE BENEFIT

Are Day Care Expense Benefits available while You are Disabled?

While *Disabled* and receiving Rehabilitation Incentive Income, *You* will be reimbursed for *Day Care Expenses* for each *Eligible Child*. *You* must supply satisfactory proof to *Us* that *You* incurred such charges.

Day Care Expenses mean monthly expenses, up to \$350.00 per child per month, to a maximum total benefit of \$1,000.00 per month, charged by a licensed day care provider who is not a member of *Your* immediate family or living in *Your* residence.

Eligible Child means *Your Dependent Child* under age 13 who lives with *You*.

Dependent Child(ren) means any unmarried child of *Yours*, whether natural, step, foster or adopted, who is primarily dependent on *You* for financial support and maintenance.

The Day Care Expense Benefit payments will end the earliest of the following to occur:

1. the date *You* are no longer incurring *Day Care Expenses* for your *Eligible Child*;
2. the date *You* are no longer receiving Rehabilitation Incentive Income;
3. after 24 monthly Day Care Expense Benefit payments have been made for each *Eligible Child*

00034

EDUCATION BENEFIT

What is the Education Benefit?

If *You* continue to be *Disabled* after 6 months of receiving the *LTD Monthly Benefit* under the Policy, and *You* are not Gainfully Employed, *We* will also pay a monthly Education Benefit for each of *Your* Dependent Child(ren) who is an *Eligible Student* as defined below.

Dependent Child(ren) means any unmarried child of *Yours*, whether natural, step, foster or adopted who is primarily dependent on *You* for financial support and maintenance.

An ***Eligible Student*** means the child(ren) is (are):

1. *Your* Dependent Child(ren), and is(are) less than 23 years of age; and
2. attending a School for Higher Learning on a full-time basis.

School for Higher Learning means an institution which

1. is legally authorized by the State in which it is located; and
2. provides either a program for:
 - a. Bachelor's degrees or not less than a two year program with full credit towards a Bachelor's degree; or
 - b. gainful employment as long as such program is at least one year of training; and
3. is accredited by an Agency or association recognized by the U.S. Department of Education under the Higher Education Assistance Act as may be amended from time to time

The Education Benefit is \$1,500.00 per month, paid in addition to *Your LTD Monthly Benefit*. It is payable to *You*, and will not be reduced by Deductible Sources of Income. The Education Benefit will be paid to *You* upon Our receipt of satisfactory proof that the above requirements have been met.

The Education Benefit will be payable between school semesters or terms, if the *Eligible Student* is enrolled or registered for the next scheduled semester or term.

The Education Benefit payments will end the earliest of the following to occur:

1. the date *You* are no longer Disabled,
2. the date *Your* Dependent Child(ren) is (are) no longer an *Eligible Student* as defined above, or
3. the date *You* die.

00035

SURVIVOR INCOME BENEFIT

What happens if You die while receiving benefits?

We will pay a Survivor Income Benefit to an *Eligible Survivor* when proof is received that *You* died:

1. After the Disability had continued for 6 or more consecutive months; and
2. While receiving an *LTD Monthly Benefit*

The Survivor Income Benefit shall be payable on a lump sum basis immediately after *We* receive written proof of *Your* death. The benefit will be equal to 3 times *Your Last Monthly Benefit*. The benefit shall accrue from *Your* date of death.

Eligible Survivor means *Your Spouse*, if living, or if *Your Spouse* dies before the final monthly benefit is paid, then *Your* children who are under age 23.

If payment becomes due to *Your* children, payment will be made to:

1. the children; or
2. a person named by *Us* to receive payments on the children's behalf. This payment will be valid and effective against all claims by others representing or claiming to represent the children.

Last Monthly Benefit means the *Monthly Benefit* paid to *You* immediately prior to *Your* death, but not including any reductions for *Deductible Sources of Income*.

The Survivor Income Benefit cannot be paid if benefits are paid under the Terminal Illness Benefit.

If there is no *Eligible Survivor*, *We* will pay the Survivor Income Benefit to *Your* estate.

00036

FAMILY INCOME BENEFIT

What is the Family Income Benefit?

We will pay a Family Income Benefit to an *Eligible Survivor* when proof is received that *You* died:

1. after the Disability had continued for 6 or more consecutive months; and
2. while receiving an *LTD Monthly Benefit*

This benefit will be paid monthly for 12 months from the date of death. The benefit amount will be equal to 100% of *Your Last Monthly Benefit*.

Eligible Survivor means *Your Spouse*, if living, or if *Your Spouse* dies before the final monthly benefit is paid, then *Your children* who are under age 23.

If payment becomes due to *Your children*, payment will be made to:

1. the children; or
2. a person named by *Us* to receive payments on the children's behalf. This payment will be valid and effective against all claims by others representing or claiming to represent the children.

Last Monthly Benefit means the monthly benefit paid to *You* immediately prior to *Your* death, but not including any reductions for *Deductible Sources of Income*.

The Family Income Benefit cannot be paid if benefits are paid under the Survivor Income Benefit or the Terminal Illness Benefit.

If there is no *Eligible Survivor*, *We* will pay the Family Income Benefit to your estate.

00037

TERMINAL ILLNESS BENEFIT

What happens if You are diagnosed as being Terminally Ill?

We will pay a Terminal Illness Benefit to *You* when proof is received that *You* are *Terminally Ill*. The Terminal Illness Benefit will be paid:

1. after *You* or *Your* legal representative has filed proof acceptable to *Us* ; and
2. after *Total Disability* has continued for at least 6 consecutive months; and
3. while *You* are receiving, or are eligible to receive an LTD Monthly Benefit under the Policy.

The Terminal Illness Benefit amount will be 3 times *Your Last Monthly Benefit*. The Terminal Illness Benefit is payable once in a lump sum to *You* while *You* are alive, and is in lieu of a Survivor Income Benefit.

The Terminal Illness Benefit paid under this provision may be taxable. If so, *You* or *Your* beneficiary may incur a tax obligation. As with all tax matters, *You* or *Your* Beneficiary should consult a personal tax advisor to assess the impact of this Terminal Illness Benefit.

Last Monthly Benefit means the *Monthly Benefit* paid to *You* immediately prior to *Your* request for benefits under the Terminal Illness Benefits provision, but not including any reductions for *Deductible Sources of Income*.

Terminally Ill means *You* have been examined and diagnosed by *Your Doctor* as having a medically determined condition which is expected to result in death within 6 months from the date that a claim for benefit under this provision is received by *Us*. We have the sole right to determine if such proof is acceptable.

00038

REHABILITATION BENEFIT

What is the Rehabilitation Benefit?

If *You* are receiving a *Monthly Benefit* and *You* are participating in a *Rehabilitation Plan* approved by *Us*, *You* will receive a monthly *Rehabilitation Benefit*. The *Rehabilitation Benefit* pays 35% of *Your Gross LTD Monthly Benefit* to a maximum of \$1,400.00 per month subject to the maximum *Monthly Benefit* as shown in the *Schedule of Benefits*.

Eligibility for a *Rehabilitation Plan* is based upon *Your* education, training, work experience and physical and/or mental capacity. To be considered for a *Rehabilitation Plan*:

1. *Your Disability* must prevent *You* from performing *Your Regular Occupation*;
2. *You* must have the physical and/or mental capacities necessary for successful completion of a *Rehabilitation Plan*; and
3. there must be a reasonable expectation that the *Rehabilitation Plan* will help *You* return to *Gainful Employment*.

The *Rehabilitation Benefit* is not subject to policy provisions which would otherwise increase or reduce the *Monthly Benefit*.

Rehabilitation Benefit payments will end on the earliest of the following dates:

1. after 24 monthly *Rehabilitation Benefit* payments have been made;
2. on the date *We* determine that *You* are no longer eligible to participate in a *Rehabilitation Plan*;
3. on the date *You* are no longer participating in the *Rehabilitation Plan*; or
4. on any other date monthly payments would cease in accordance with the Policy.

00039

COST OF LIVING ADJUSTMENT

What is the Cost-of-Living Adjustment?

We will make a Cost-of-Living Adjustment (COLA) after *You* have received one year of *Monthly Benefit* payments.

Your payment will increase by the lesser of

1. 35% of *Your Gross Monthly LTD Benefit*, or
2. the percentage change in the *CPI-W* for the calendar month that falls 90 days prior to the date the annual adjustment is to be made compared to the same calendar month for the previous year.

The COLA adjustment will be made on the first anniversary of payments and each following anniversary not to exceed 10 anniversary adjustment periods while *You* continue to receive payments for *Your* disability.

Each month *We* will add the COLA to *Your* monthly payment. When *We* add the adjustment to *Your* payment, the increase may cause *Your* payment to exceed the Maximum Benefit.

Compounding will continue up to the maximum number of adjustments.

CPI-W means the Consumer Price Index for all urban wage earners and clerical workers in the United States as published by the Bureau of Labor Statistics of the United States Department of Labor or its successors. If the *CPI-W* is discontinued or changed, *We* may use another index that most closely reflects the cost of living in the United States.

00040

ACCIDENTAL DISMEMBERMENT BENEFIT

What is the Accidental Dismemberment Benefit?

If, while insured under the Policy, *You* suffer an Injury in an *Accident*, *We* will pay an Accidental Dismemberment Benefit for the Specific Losses listed below. The Accidental Dismemberment Benefit is equal to the *Net LTD Monthly Benefit* and is payable for the length of time stated below, or until *Your* date of death, whichever first occurs. This benefit is paid in lieu of the LTD Monthly Benefit, the Work Incentive Benefit or Rehabilitation Incentive Income. The loss must:

1. Occur within 365 days of the *Accident*; and
2. Be the direct and sole result of the *Accident*; and
3. Be independent of all other causes.

Specific Loss

Months Payable

Quadriplegia	60 months
Paraplegia	55 months
Hemiplegia	50 months
Loss of both hands	46 months
Loss of both feet	46 months
Loss of the entire sight of both eyes	46 months
Loss of one hand and one foot	46 months
Loss of one hand and the entire sight of one eye	46 months
Loss of one foot and the entire sight of one eye	46 months
Loss of one hand	23 months
Loss of one foot	23 months
Loss of the entire sight of one eye	15 months
Loss of the thumb and index finger of either hand	12 months

After payment of the Accidental Dismemberment Benefit, benefits may continue subject to the other provisions of the Policy. If more than one loss results from any one *Injury*, *We* will pay only for that loss with the greatest number of months payable.

Specific Loss means, with respect to hand or foot, the actual, complete and permanent severance through or above the wrist or ankle joint; with respect to eye, the irrecoverable loss of the entire sight thereof; and with respect to thumb and index finger, the actual, complete and permanent severance through or above the metacarpophalangeal joints.

Quadriplegia means complete paralysis of both arms and both legs as a result of an *Injury* to the Spinal Cord. The paralysis must be determined by a *Doctor* to be permanent, complete and irreversible.

Paraplegia means complete paralysis of either both arms or both legs as a result of an *Injury* to the Spinal Cord. The paralysis must be determined by a *Doctor* to be permanent, complete and irreversible.

Hemiplegia means the complete paralysis of one arm and one leg on the same side of the body as a result of an *Injury* to the Spinal Cord. The paralysis must be determined by a *Doctor* to be permanent, complete and irreversible.

We may require proof of total paralysis on a periodic basis.
00041

CATASTROPHIC DISABILITY BENEFIT

What is a Catastrophic Disability Benefit?

We will pay a monthly Catastrophic Disability Benefit to *You* if *You* are receiving *LTD Monthly Benefits* (or Accidental Dismemberment Benefits) and *We* receive proof that *You* are *Catastrophically Disabled*. Catastrophic Disability Benefit payments will begin at the end of the Catastrophic Disability *Elimination Period* shown in the *Schedule of Benefits*.

You are *Catastrophically Disabled* when *We* determine that, due to *Sickness* or *Injury*:

1. *You* are unable to perform, without human assistance or regular supervision from another person, at least 2 of the 6 *Activities of Daily Living*; or
2. *You* become *Cognitively Impaired*; and
3. *You* are not *Gainfully Employed*.

When will Your coverage become effective?

You will become insured for Catastrophic Disability Benefit coverage on *Your* effective date under the *LTD* plan.

However, the Catastrophic Disability Benefit coverage will be delayed if, on *Your* effective date, *You* cannot safely and completely perform one or more of the *Activities of Daily Living* without another person's assistance, or verbal cueing, or *You* are *Cognitively Impaired*. Coverage will begin on the date *You* can safely and completely perform all of the *Activities of Daily Living* without another person's assistance or verbal cueing, or no longer are *Cognitively Impaired*.

How much will We pay if You are Disabled?

The Catastrophic Disability Benefit is 35% of pre-disability *Indexed Monthly Earnings* to a maximum Catastrophic Disability Benefit of the lesser of the maximum *LTD Monthly Benefit* or \$1,400.00.

This benefit is not subject to Policy provisions which would otherwise increase or reduce the benefit amount such as Deductible Sources of Income.

When will Your Catastrophic Disability Benefit payments end?

Catastrophic Disability Benefit payments will end on the earliest of the following dates:

1. the date *You* are no longer *Catastrophically Disabled*;
2. the date *You* become ineligible for *LTD Monthly Benefit* payments;
3. the end of the Catastrophic Disability Maximum Period Payable shown in the *Schedule of Benefits*; or
4. the date *You* die.

What claim information is needed for Catastrophic Disability Benefits?

The Filing a Claim section under the Policy applies to Catastrophic Disability Benefit coverage. *We* may also require an interview with *You*.

CAREGIVER RESPITE BENEFIT

We will pay *You* a Caregiver Respite Benefit for each day of a *Respite Interval*, subject to the conditions below:

1. *You* must be receiving a Catastrophic Disability Benefit or a Spousal Catastrophic Disability Benefit;
2. The benefit is payable if *Informal Home Care* has been provided for at least 6 continuous months for *You* or *Your Spouse* beginning with *Your* or *Your Spouse's Date of Disability*;
3. The benefit is payable for *Companion Care* received by *You* or *Your Spouse* in *Your* home or a private residence during a *Respite Interval*;
4. The benefit is equal to the daily *Companion Care* cost incurred, not to exceed \$100 per day; and
5. The benefit is payable to *You* following submission of proof of *Your* incurred costs for *Companion Care* during the *Respite Interval*.

Companion Care means medically necessary custodial care furnished during a *Respite Interval* for a minimum of 8 hours per day by a Home Health Care Provider accredited by either the Joint Commission on Accreditation of Health Care Organizations or Community Health Accreditation Program.

Informal Caregiver means the person who has primary responsibility of providing *Informal Home Care* for *You*. A person who is paid for caring for *You* or *Your Spouse* cannot be an *Informal Caregiver*.

Informal Home Care means medically necessary custodial care provided at *Your* home or a private residence by an *Informal Caregiver*. Such care is provided in lieu of confinement in a nursing home, or care received at *Your* home from a paid provider.

Respite Interval means a period of one or more consecutive days during which the *Informal Caregiver* is temporarily relieved of the *Informal Home Care* duties. Two *Respite Intervals* are permitted per calendar year, subject to a cumulative total of 14 days per calendar year. Unused days expire on December 31 and cannot be carried over into any future calendar year.

CAREGIVER TRAINING BENEFIT

We will pay *You* a Caregiver Training Benefit if an *Informal Caregiver* incurs an expense to be trained to provide *Informal Home Care* for *You*, subject to the conditions below:

1. *You* must be receiving a Catastrophic Disability Benefit or a Spousal Catastrophic Disability Benefit;
2. *Caregiver Training* must be provided by a Home Health Care Provider accredited by either the Joint Commission on Accreditation of Health Care Organizations or Community Health Accreditation Program, by a Nursing Home or by a *Hospital* while *You or Your Spouse* are receiving the Catastrophic Disability Benefit. If *You or Your Spouse* are in a Nursing Home or in a *Hospital*, the Caregiver Training Benefit will only be payable if the training will make it possible for *You or Your Spouse* to return to *Your* residence where *You or Your Spouse* can be cared for by the *Informal Caregiver*;
3. The amount of the benefit is the cost incurred for the *Caregiver Training*, subject to \$500 maximum per period of *Disability*;
4. The benefit is payable to *You* following submission to *Us* of proof of *Your or Your Spouse's* costs incurred for *Caregiver Training*.

Caregiver Training means training received by the *Informal Caregiver* to care for *You or Your Spouse* in *Your* residence.

Informal Caregiver means the person who has primary responsibility of providing *Informal Home Care* for *You or Your Spouse*. A person who is paid for caring for *You or Your Spouse* cannot be an *Informal Caregiver*.

Informal Home Care means medically necessary custodial care provided at *Your* home or a private residence by an *Informal Caregiver*. Such care is provided in lieu of confinement in a nursing home, or care received at *Your* home from a paid provider.

EMERGENCY ALERT SYSTEM BENEFIT

We will pay *You* an Emergency Alert System Benefit for the cost to rent or lease an *Emergency Alert System* which will allow *You or Your Spouse* to remain in *Your* residence alone, subject to the conditions below:

1. *You* must be receiving a Catastrophic Disability Benefit or a Spousal Catastrophic Disability Benefit;
2. The benefit is payable for a medically necessary *Emergency Alert System*;
3. *Your or Your Spouse's* condition must be such that *You or Your Spouse* could not be left alone were it not for the presence of the *Emergency Alert System*;
4. The benefit is the lesser of \$25 per month or the actual cost to rent or lease the *Emergency Alert System*;
5. The benefit is payable to *You*, in arrears, after every 6 months, following submission of proof of *Your* incurred costs for the *Emergency Alert System*; and
6. We will not pay for any charges incurred as a result of installing, servicing or maintaining the *Emergency Alert System*. This includes, but is not limited to, any charges for normal telephone service while the system is installed or for a home security system.

Emergency Alert System means a communication system located in *Your* residence, that is used to summon medical attention in case of a medical emergency.

00042

SPOUSAL CATASTROPHIC DISABILITY BENEFIT

What is the Spousal Catastrophic Disability Benefit?

Spousal Catastrophic Disability pays a benefit of \$1,300.00 per month for 12 months after *Your Spouse* has been *Catastrophically Disabled* for 35 days.

Catastrophically Disabled means that due to *Sickness* or *Injury* *We* determine that:

1. *Your Spouse* is unable to perform, without human assistance or regular supervision from another person, at least 2 of the 6 *Activities of Daily Living*; or
2. *Your Spouse* becomes *Cognitively Impaired*; and
3. *Your Spouse* is not working for wages at any occupation.

When will Your Spouse's coverage become effective?

Your Spouse will become insured for the Spousal Catastrophic Disability Benefit on *Your* effective date under the Policy, or on the date of *Your* marriage, if later.

However, the Spousal Catastrophic Disability coverage will be delayed for *Your Spouse* if, on *Your Spouse's* effective date, *Your Spouse* cannot safely and completely perform one or more of the *Activities of Daily Living* without another person's assistance or verbal cueing, or *Your Spouse* becomes *Cognitively Impaired*. Coverage will begin on the date *Your Spouse* can safely and completely perform all of the *Activities of Daily Living* without another person's assistance or verbal cueing or no longer is *Cognitively Impaired*.

Spousal Catastrophic Disability coverage will continue as long as the benefit is in effect and *You* are insured under the Policy.

How much will We pay if Your Spouse is Disabled?

The Spousal Catastrophic Disability Benefit is \$1,300.00 per month. The benefit is payable to *You*. This benefit is not subject to Policy provisions which would otherwise increase or reduce the benefit amount such as Deductible Sources of Income.

When will You be eligible to receive Spousal Catastrophic Disability Benefits?

We will pay a monthly Spousal Catastrophic Disability Benefit when *We* receive proof that *Your Spouse* is *Catastrophically Disabled* under this benefit. Spousal Catastrophic Disability Benefits will begin at the end of the Elimination Period for the Spousal Catastrophic Disability Benefit shown above.

What is the Spousal Catastrophic Disability Benefit Elimination Period?

The Spousal Catastrophic Disability Benefit Elimination Period is 35 days. This is the number of calendar days at the beginning of a continuous period of *Catastrophic Disability* for which no benefits are payable.

What exclusions and limitations apply to Spousal Catastrophic Disability?

Catastrophic Disability caused by, contributed to or resulting from a *Pre-Existing Condition* (as defined directly below) is excluded from the Spousal Catastrophic Disability Benefit. Other Policy provisions that exclude or limit coverage will apply to this Spousal Catastrophic Disability Benefit.

For Spousal Catastrophic Disability coverage, *Your Spouse* will be considered to have a *Pre-Existing Condition* if *Your Spouse's* *Catastrophically Disabling* condition was caused by, contributed to by, or resulted from a condition for which medical treatment or advice was rendered, prescribed or recommended within 6 months prior to *Your Spouse's* effective date of insurance. A condition shall no longer be considered pre-existing if it causes loss which begins after *Your Spouse* has been insured under the Policy for a period of 12 months.

When will Spousal Catastrophic Disability Benefit payments end?

Benefit payments will end on the earliest of the following dates:

1. the date *Your Spouse* is no longer *Catastrophically Disabled* under the benefit; or

2. 12 months following the satisfaction of the Elimination Period; or
3. the date *Your Spouse* dies.

What claim information is needed for Spousal Catastrophic Disability Benefit?

The Filing a Claim section under the Policy applies to Spousal Catastrophic Disability Benefit coverage. *We* may also require an interview with *Your Spouse*.

00043

WORKSITE MODIFICATION BENEFIT

What is the Worksite Modification Benefit?

We will assist *You* and the *Policyholder* in identifying modifications *We* agree are likely to help *You* remain at work or return to work. This agreement will be in writing and must be signed by *You*, the *Policyholder* and *Us*.

When this occurs, *We* will reimburse the *Policyholder* for the cost of the modification, up to the greater of:

1. \$1,500.00; or
2. 2 times *Your Last Monthly Benefit*.

We will reimburse the *Policyholder* upon completion of the following:

1. agreed upon modifications made on *Your* behalf are completed;
2. written proof of expenses incurred by *Your Policyholder* have been provided to *Us*; and
3. *You* have returned to work and are an *Actively at Work Employee*.

Last Monthly Benefit means the monthly benefit paid to *You* immediately prior to *Your* request for benefits under the Worksite Modification Benefit provision, but not including any reductions for *Deductible Sources of Income*.

00044

RETIREMENT PLAN PROTECTION BENEFIT

What is the Retirement Plan Protection Benefit?

If *You* are *Disabled*, a Retirement Plan Protection Benefit is payable to the *Policyholder* on *Your* behalf.

While receiving the Long Term Disability Monthly Benefit

If *You* are *Disabled* and are receiving a *Monthly Benefit* under the Policy, the Retirement Plan Protection Benefit is calculated as the lesser of the following:

1. 35% of *Your* average *Monthly Earnings* as calculated over the last 12 months of employment prior to *Your Date of Disability* (or *Your* period of employment with *Your Policyholder* if less than 12 months),
2. \$1,400.00 per month; or
3. the average monthly contribution made by the *Policyholder* to *Your* pension plan over the last 12 months of employment prior to *Your Date of Disability* (or *Your* period of employment with the *Policyholder* if less than 12 months).

While Receiving a Work Incentive Benefit or Rehabilitation Incentive Income

If *You* are *Disabled* and are receiving a Work Incentive Benefit or Rehabilitation Incentive Income, the Retirement Plan Protection Benefit is calculated by multiplying the amount of Retirement Plan Protection Benefit otherwise payable as stated above by the *Adjusted Loss of Salary Ratio*.

Adjusted Loss of Salary Ratio is equal to: A divided by B

A= *Your pre-disability Indexed Monthly Earnings* minus *Your Disability Earnings*

B= *Your pre-disability Indexed Monthly Earnings*

Payment of the Retirement Plan Protection Benefit is made directly to the *Policyholder* on *Your* behalf. The *Policyholder* may deposit such payments into the *Policyholder*-sponsored pension plan if the *Policyholder* determines that such contributions may be accepted by the plan.

We do not act as plan administrator or trustee of the *Policyholder*'s sponsored pension plan, therefore We cannot make the above determination.

If the *Policyholder* or the trustee of *Your* plan determines that the benefits payable under this provision cannot legally be accepted by the pension plan, *We* will, upon written request from the *Policyholder*, make the Retirement Plan Protection Benefit payable to *You*. **Such payments may constitute taxable income to *You*.**

Retirement Plan Protection Benefit payments will end on the earliest of the following:

1. the date *You* are no longer *Disabled* under the contract; or
2. the date *You* are no longer eligible to participate in the *Policyholder*'s defined contribution or defined benefit plan; or
3. the end of the *Maximum Period Payable*; or
4. the date of *Your* death.

00045

CONVERSION PRIVILEGE

What are Your conversion options if You end employment?

If *You* end employment with the *Policyholder*, *Your* coverage under the Policy will end. *You* may be eligible to purchase insurance under the group conversion policy. To be eligible, *You* must have been insured for at least 12 consecutive months under the *Policyholder's* group plan on the date *You* end employment. *We* will consider the amount of time *You* were insured under this Plan and the plan it replaced, if any.

You must apply for insurance under the conversion policy, and pay the first (annual/semi-annual) premium within 31 days after the date *Your* employment ends.

The conversion policy will be at the premium rate and on the form then being made available by *Us* for conversion.

You are not eligible to apply for coverage under the group conversion policy if:

1. *You* are or become insured under another group long term disability plan within 31 days after *Your* employment ends;
2. *You* are Disabled under the terms of the Policy;
3. *You* recover from a *Disability* and do not return to work or with the *Policyholder*;
4. *You* are on a leave of absence; or
5. *Your* coverage under the Policy ends for any of the following reasons:
 - a. The Policy is canceled;
 - b. The Policy is changed to exclude the class of employees to which *You* belong;
 - c. *You* are no longer in an eligible class;
 - d. *You* end *Your* working career or retire and receive payment from the *Policyholder's* Retirement Plan; or
 - e. *You* fail to pay the required premium under the Policy.

00046

CLAIM SERVICES

What other services are available to You while You are Disabled?

If *You* are *Disabled* and eligible to receive *Disability* benefits under the Policy, *We* will evaluate *You* for eligibility to receive any of the following. *We* will make the final determination for any of the following benefits or services.

Vocational Rehabilitation Service

Rehabilitation services are available when *We* determine that these services are reasonably required to assist in returning *You* to *Gainful Employment*. Vocational rehabilitation services might include but are not limited to one or more of the following:

1. job modification;
2. job retraining;
3. job placement;
4. other activities.

Eligibility for vocational rehabilitation services is based upon *Your* education, training, work experience and physical and/or mental capacity. To be considered for rehabilitation services:

1. *Your Disability* must prevent *You* from performing *Your Regular Occupation*;
2. *You* must have the physical and/or mental capacities necessary for successful completion of a rehabilitation program, and
3. there must be a reasonable expectation that rehabilitation services will help *You* return to *Gainful Employment*.

Social Security Disability Assistance

When necessary, *We* will provide an advocate for *You* in applying for and securing Social Security *Disability* awards. When *We* determine that Social Security Assistance is appropriate for *You*, it is provided at no additional cost to *You*.

00047

FILING A CLAIM

What are the Claim Filing Requirements?

Initial Notice of Claim

We ask that *You* notify *Us* of *Your* claim as soon as possible, so that *We* may make a timely decision on *Your* claim. The *Policyholder* can assist *You* with the appropriate telephone number and address of *Our* Claim Department. *You* must send *Us* written notice of *Your Disability* within 30 days of the *Date of Disability*, or as soon as reasonably possible. Notice may be sent to *Our* Claim Department at the address shown on the claim form or given to *Our* Agent.

Written Proof of Loss

Within 15 days of *Our* being notified in writing of *Your* claim, *We* will supply *You* with the necessary claim forms. The claim form is to be completed and signed by *You*, the *Policyholder* and *Your Doctor*. If *You* do not receive the appropriate claim forms within 15 days, then *You* will be considered to have met the requirements for written proof of loss if *We* receive written proof, which describes the occurrence, extent and nature of loss as stated in the *Proof of Disability* provision.

Time Limit for Filing Your Claim

You must furnish *Us* with written proof of loss within 91 days after the end of *Your Elimination Period*. The length of the *Elimination Period* is shown in the *Schedule of Benefits*. If it is not possible to give *Us* written proof within 91 days, the claim is not affected if the proof is given as soon as possible. However, unless *You* are legally incapacitated, written proof of loss must be given no later than 1 year after the time proof is otherwise due.

No benefits are payable for claims submitted more than 1 year after the time proof is due. However, *You* can request that benefits be paid for late claims if *You* can show that:

1. It was not reasonably possible to give written proof during the 1 year period, and
2. Proof of loss satisfactory to *Us* was given as soon as was reasonably possible.

Proof of Disability

The following items, supplied at *Your* expense, must be a part of *Your* proof of loss. Failure to provide complete proof of loss may delay, suspend or terminate *Your* benefits.

1. The date *Your Disability* began;
2. The cause of *Your Disability*;
3. The prognosis of *Your Disability*;
4. Proof that *You* are receiving *Appropriate and Regular Care* for *Your* condition from a *Doctor*, who is someone other than *You* or a member of *Your* immediate family, whose specialty or expertise is the most appropriate for *Your* disabling condition(s) according to *Generally Accepted Medical Practice*.
5. Objective medical findings which support *Your Disability*. Objective medical findings include but are not limited to tests, procedures, or clinical examinations standardly accepted in the practice of medicine, for *Your* disabling condition(s).
6. The extent of *Your Disability*, including restrictions and limitations which are preventing *You* from performing *Your Regular Occupation*.
7. Appropriate documentation of *Your Monthly Earnings*. If applicable, regular monthly documentation of *Your Disability Earnings*.
8. If *You* were contributing to the premium cost, the *Policyholder* must supply proof of *Your* appropriate payroll deductions.
9. The name and address of any *Hospital* or *Health Care Facility* where *You* have been treated for *Your Disability*.
10. If applicable, proof of incurred costs covered under other benefit provisions in the Policy.

Continuing Proof of Disability

You may be asked to submit proof that *You* continue to be *Disabled* and are continuing to receive *Appropriate and Regular Care* of a *Doctor*. Requests of this nature will only be made as often as reasonably necessary, but not more frequently than once every 3 months. If required, this will be at *Your* expense and must be received within 45 days of *Our* request. Failure to comply with such a request may delay, suspend or terminate *Your* benefits.

Examination

At *Our* expense, *We* have the right to have *You* examined as often as reasonably necessary while the claim continues. Failure to comply with this examination may result in denial, suspension or termination of benefits, unless *We* agree *You* have a valid and acceptable reason for not complying.

Authorization and Documentation *You* will be asked to supply

1. *You* will be required to provide signed authorization for *Us* to obtain and release all reasonably necessary medical, financial or other non-medical information in support of *Your Disability* claim. Failure to submit this information may deny, suspend or terminate *Your* benefits.
2. *You* will be required to supply proof that *You* have applied for other Deductible Sources of Income such as Workers' Compensation or Social Security *Disability* benefits, when applicable.
3. *You* will be required to notify *Us* when *You* receive or are awarded other Deductible Sources of Income. *You* must tell *Us* the nature of the Deductible Source of Income, the amount received, the period to which the benefit applies, and the duration of the benefit if it is being paid in installments.

00048-TX

Time of Payment of Claim

As soon as *We* have all necessary substantiating documentation for *Your Disability* claim, *We* will pay *Your* benefit on a monthly basis, so long as *You* continue to qualify for it.

We will pay benefits to *You* unless otherwise indicated. If *You* die while *Your* claim is open, any due and unpaid *Disability* benefit will be paid, at *Our* option, to the surviving person or persons in the first of the following classes of successive preference beneficiaries: *Your*: 1) *Spouse*; 2) children including legally adopted children; 3) parents; or 4) *Your* estate.

If any benefit is payable to an estate, a minor or a person not competent to give a valid release, *We* may pay up to \$1,000 to any relative or beneficiary of *Yours* whom *We* deem to be entitled to this amount. *We* will be discharged to the extent of such payment made by *Us* in good faith.

00049

Can *You* assign *Your* benefits?

Your benefits are not assignable, which means that *You* may not transfer *Your* benefits to anyone else.

What will happen if a claim is overpaid?

A claim overpayment can occur when *You* receive a retroactive payment from a Deductible Source of Income when *We* inadvertently make an error in the calculation of *Your* claim; or if fraud occurs. The overpayment amount equals the amount *We* paid in excess of the amount *We* should have paid under the Policy.

We have the right to recover from *You* any amount that is an overpayment of benefits under the Policy. *You* must refund to us the overpaid amount. *We* may also, without forfeiting our right to collect an overpayment through any means legally available to *Us*, recover all or any portion of an overpayment by reducing or withholding future benefit payments, including the *Minimum Monthly Benefit*.

In an overpayment situation, *We* will determine the method by which the repayment is made. *You* will be required to sign an agreement with *Us* which details the source of the overpayment, the total amount *We* will recover and the method of recovery. If *LTD Monthly Benefits* are suspended while recovery of the overpayment is being made, suspension will also apply to the minimum *LTD Monthly Benefits* payable under the Policy.

Subrogation – Right of Reimbursement

When any claim payment is made, *We* reserve any and all rights to subrogation and/or reimbursement to the fullest extent allowed by statute and customary practice. Any party to this contract shall not perform any act that will prejudice such rights without prior agreement with *Us*. *We* will bear any expenses associated with *Our* pursuit of subrogation or recovery.

00050

UNIFORM PROVISIONS

Entire Contract; Changes

The Policy, the *Policyholder's* application, the employee's certificate of coverage, and *Your* application, if any, and any other attached papers, form the entire contract between the parties. Coverage under the Policy can be amended by mutual consent between the *Policyholder* and *Us*. No change in the Policy is valid unless approved in writing by one of *Our* officers. No agent has the right to change the Policy or to waive any of its provisions.

Statements on the Application

In the absence of fraud, all statements made in any signed application are considered representations and not warranties (absolute guarantees). No representation by:

1. the *Policyholder* in applying for the Policy will make it void unless the representation is contained in the signed application; or
2. any *Employee* in applying for insurance under the Policy will be used in defense to a claim under the Policy unless it is contained in a written application signed by the Insured and a copy of such application is or has been given to him or to his personal representative.

Legal Actions

Unless otherwise provided by federal law, no legal action of any kind may be filed against *Us*:

1. until 60 days after proof of claim has been given; or
2. more than 3 years after proof of *Disability* must be filed, unless the law in the state where *You* live allows a longer period of time.

Clerical Error

Clerical error or omission by *Us* to the *Policyholder* will not:

1. Prevent *You* from receiving coverage, if *You* are entitled to coverage under the terms of the Policy; or
2. Cause coverage to begin or coverage to continue for *You* when the coverage would not otherwise be effective.

If the *Policyholder* gives *Us* information about *You* that is incorrect, *We* will:

1. Use the facts to decide whether *You* have coverage under the Policy and in what amounts; and
2. Make a fair adjustment of the premium.

Misstatement of Age

If *Your* age has been misstated, an equitable adjustment will be made in the premium. If the amount of the benefit is dependent upon *Your* age, as shown in the Benefit Duration Schedule, the amount of the benefit will be the amount *You* would have been entitled to if *Your* correct age were known.

Note: A refund of premium will not be made for a period more than twelve months before the date the Company is advised of the error.

Incontestability

The validity of the Policy shall not be contested, except for non-payment of premiums, after it has been in force for two years from the date of issue. The validity of the Policy shall not be contested on the basis of a statement made relating to insurability by any person covered under the Policy after such insurance has been in force for two years during such person's lifetime, and shall not be contested unless the statement is contained in a written instrument signed by the person making such statement.

Conformity with State Statutes and Regulations

If any provision of the Policy conflicts with the statutes and regulations of the state in which the Policy was issued or delivered, it is automatically changed to meet the minimum requirements of the statute.

Workers' Compensation or State Disability Insurance

The Policy is not in place of, and does not affect the requirements for coverage by any workers' compensation or state disability insurance.

Agency

Neither the *Policyholder*, any employer, any associated company, nor any administrator appointed by the foregoing is *Our* agent.

General Provisions

We have the right to inspect all of the *Policyholder's* records on the Policy at any reasonable time. This right will extend until:

1. 2 years after termination of the Policy; or
2. all claims under the Policy have been settled,

whichever is later.

The Policy is in the *Policyholder's* possession and may be inspected by *You* at any time during normal business hours at the *Policyholder's* office.

00051-TX

DEFINITIONS

The following are key words and phrases used in this certificate. When these words and phrases, or forms of them, are used, they are capitalized and italicized in the text. As *You* read this certificate, refer back to these definitions.

Accident or ***Accidental*** means a sudden, unexpected event that was not reasonably foreseeable.

00052

Actively at Work or ***Active Work*** means that *You* must be:

1. working for the *Policyholder* on a full-time active basis; or
2. working at least the minimum number of hours shown in the Schedule of Benefits; and either:
 - a. working at the *Policyholder's* usual place of business; or
 - b. working at a location to which the *Policyholder's* business requires *You* to travel;
3. a legal citizen or resident of the United States of America;
4. are paid regular earnings by the *Policyholder*, and
5. not a temporary or seasonal *Employee*.

You will be considered ***Actively at Work*** if *You* were actually at work on the day immediately preceding:

1. a weekend (except for one or both of these days if they are scheduled days of work);
2. holidays (except when such holiday is a scheduled work day);
3. paid vacations;
4. any non-scheduled work day;
5. excused leave of absence (except medical leave and lay-off); and
6. emergency leave of absence (except emergency medical leave).

00053

Appropriate and Regular Care means that *You* are regularly visiting a *Doctor* as frequently as medically required to meet *Your* basic health needs. The effect of the care should be of demonstrable medical value for *Your* disabling condition(s) to effectively attain and/or maintain maximum medical improvement.

00055

Date of Disability is the date *We* determine that *You* are *Disabled*.

00057

Disability or ***Disabled*** means that *You* satisfy the definition of either Total Disability or Partial Disability.

00058

Disability Earnings is the wage or salary *You* earn from *Gainful Employment* after a *Disability* begins. It includes any earnings *You* could receive if *You* were working to *Your Maximum Capacity*. Any lump sum payment will be prorated, based on the time over which it accrued or the period for which it was paid.

If *Your Disability Earnings* routinely fluctuate widely from month to month, *We* may average *Your Disability Earnings* over the most recent three months to determine if *Your* claim should continue. If *We* average *Your Disability Earnings*, *We* will not terminate *Your* claim unless the average of *Your Disability Earnings* from the last three months exceeds 80% of *Your Indexed Monthly Earnings*.

00059

Domestic Partner means an adult of the same or opposite gender who has an emotional, physical and financial relationship to *You*, similar to that of a *Spouse*, as evidenced by the following:

1. *You* and *Your Domestic Partner* share financial responsibility for a joint household and intend to continue an exclusive relationship indefinitely;
2. *You* and *Your Domestic Partner* each are at least eighteen (18) years of age;
3. *You* and *Your Domestic Partner* are both mentally competent to enter into a binding contract;
4. *You* and *Your Domestic Partner* share a residence and have done so for at least 12 months;
5. Neither *You* nor *Your Domestic Partner* are married to or legally separated from anyone else;
6. *You* and *Your Domestic Partner* are not related to one another by blood closer than would bar marriage; and

Neither *You* nor *Your Domestic Partner* is a *Domestic Partner* of anyone else.

Where the laws of the governing jurisdiction mandate a definition of *Domestic Partner* other than shown above, that definition will be used in the Policy.

00060

Doctor means a person legally licensed to practice medicine, psychiatry, psychology or psychotherapy, who is neither *You* nor a member of *Your* immediate family. A licensed medical practitioner is a *Doctor* if applicable state law requires that such practitioners be recognized for purposes of certification of *Disability*, and the treatment provided by the practitioner is within the scope of his or her license.

00061

Elimination Period means the number of calendar days at the beginning of a continuous period of *Disability* for which no benefits are payable. The *Elimination Period* is shown in the *Schedule of Benefits*.

00062

Employee means an *Actively at Work* full-time *Employee* whose principal employment is with the *Policyholder*, at the *Policyholder's* usual place of business or such place(s) that the *Policyholder's* normal course of business may require, who is *Actively at Work* for at least the number of hours per week as stated in the Application and is reported on the *Policyholder's* records for Social Security and withholding tax purposes.

00069

Gainful Occupation, Gainful Employment or Gainfully Employed means the performance of any occupation for wages, remuneration or profit, for which *You* are qualified by education, training or experience on a full-time or part-time basis.

00063

Generally Accepted Medical Practice or Generally Accepted in the Practice of Medicine means care and treatment which is consistent with relevant guidelines of national medical, research and health care coverage organizations and governmental agencies.

00064

Gross LTD Monthly Benefit means that benefit shown in the *Schedule of Benefits* which applies to *You*.

00065

Hospital or Health Care Facility is a legally operated, accredited facility licensed to provide full-time care and treatment for the condition(s) causing *Your Disability*. It is operated by a full-time staff of licensed physicians and registered nurses. It does not include facilities which primarily provide custodial, educational or rehabilitative care.

00066

Indexed Monthly Earnings means *Your Monthly Earnings* adjusted on each anniversary of benefit payment by the lesser of 3% or the current annual percentage increase in the *Consumer Price Index*. *Your Indexed Monthly Earnings* may increase or remain the same, but will never decrease.

Consumer Price Index (CPI-W) means the Consumer Price Index for all urban wage earners and clerical workers in the United States as published by the Bureau of Labor Statistics of the United States Department of Labor or its successors. If the CPI-W is discontinued or changed, *We* may use another index that most closely reflects the cost of living in the United States.

Indexing is only used as a factor in the determination of the percentage of lost earnings while *You* are *Disabled* and working in a *Gainful Occupation*.

00067

Injury means bodily injury that is the direct result of an *Accident* and not related to any other cause. The *Injury* must occur, and *Disability* resulting from the *Injury* must begin while *You* are covered under the *Policy*. *Injury* that occurs before *You* are covered under the *Policy* will be treated as a *Sickness*.

00068

LTD means Long Term Disability.

00070

Male pronoun, whenever used, includes the female.

00071

Material and Substantial Duties means duties that:

1. are normally required for the performance of *Your Regular Occupation*; and
2. cannot be reasonably omitted or modified, except that if *You* are required to work on average in excess of 40 hours per week, *We* will consider *You* able to perform that requirement if *You* have the capacity to work 40 hours.

00072

Maximum Capacity means, based on *Your* restrictions and limitations:

1. The greatest extent of work *You* are able to do in *Your Regular Occupation*.

00073

Maximum Medical Improvement is the level at which, based on reasonable medical probability, further material recovery from, or lasting improvement to, an *Injury* or *Sickness* can no longer be reasonably anticipated.

00074

Maximum Period Payable, as shown in the *Schedule of Benefits*, means the longest period of time that *We* will make payments to *You* for any one period of *Disability*.

00075

Mental Disorder means a disorder found in the current diagnostic standards of the American Psychiatric Association.

00076

Monthly Benefit means the LTD Monthly Benefit shown in the *Schedule of Benefits* which applies to *You*.

00077

Monthly Earnings means *Your* gross monthly income from *Your Employer* in effect just prior to *Your Date of Disability*. It includes *Your* total income before taxes and any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes income actually received from commissions, but does not include bonuses, overtime pay, or any other extra compensation, or income received from sources other than *Your Employer*.

Commissions will be averaged for the lesser of:

- a. the 12 full calendar month period of *Your* employment with *Your Employer* just prior to the date *Disability* begins; or
- b. the period of actual employment with *Your Employer*.

00078

Net LTD Monthly Benefit means the *Gross LTD Monthly Benefit* less the Deductible Sources of Income.

00079

Participation in a Riot shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of the person of the insured, if such actions of defense are not taken against persons seeking to maintain or restore law and order including but not limited to police officers and firemen.

00080

Pre-existing Condition means a condition which;

1. was caused by, or results from a *Sickness* or *Injury* for which *You* received medical treatment, or advice was rendered, prescribed or recommended whether or not the *Sickness* was diagnosed at all or was misdiagnosed within 3 months prior to *Your* effective date; and
2. results in a *Disability* which begins in the first 12 months after *Your* effective date.

00081

Regular Occupation means the occupation that *You* are routinely performing when *Your Disability* begins. *We* will look at *Your* occupation as it is normally performed in the national economy, instead of how the work tasks are performed for a specific *Policyholder* or at a specific location.

00082

Rehabilitation Plan means a written agreement between *You* and *Us*. Its purpose is to assist *You* in returning to *Gainful Employment*. The *Rehabilitation Plan* will outline the time and dates of the vocational rehabilitation services, *Our* responsibilities, *Your* responsibilities and the responsibilities of any third party which might be involved. The *Rehabilitation Plan* will be at *Our* expense, at the expense of the third party, or a shared expense of *Ours* and a third party. The *Rehabilitation Plan* may include the Day Care Expense Benefit.

00083

Riot shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, whether or not acting with common intent and whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.

00085

Schedule of Benefits means the schedule which is a part of this certificate.

00086

Sickness means sickness or disease causing *Disability* which begins while *You* are covered under the Policy.

00087

Spouse means lawful spouse in the jurisdiction in which *You* reside. *Spouse* will include *Your Domestic Partner*.

00091

Substance Abuse means a pattern of pathological use of alcohol or other psychoactive drugs resulting in impairment of social and or occupational functioning, debilitating physical condition, inability to abstain from or reduce consumption of the substance, or the need for daily substance use for adequate functioning.

00092

Waiting Period as shown in the Schedule of benefit means the continuous length of time immediately before *Your* Effective Date during which *You* must be in an Eligible Class. Any period of time prior to the Policy Effective Date *You* were Actively at Work for *Your* Employer will count towards completion of the Waiting Period.

00093

We, Our and **Us** mean the Dearborn National Life Insurance Company, Chicago, Illinois.

00094

You, Your and **Yours** means the employee to whom this certificate is issued and whose insurance is in force under the terms of the Policy.

00095

DEARBORN NATIONAL® LIFE INSURANCE COMPANY
Chicago, Illinois

RIDER

This Rider is made a part of the Policy or Certificate (hereafter "the Policy") to which it is attached. It takes effect and ends at the same time as the Policy. All provisions of the Policy, including any other Riders or Amendatory Endorsements will apply to this Rider, except that in the event of a conflict, the specific provisions of this Rider will govern.

Disability Resource Services

What is Disability Resource Services?

Disability Resource Services is a noninsurance benefit made available to **You** which provides access at no additional cost to the following services:

- Access to Guidance Resources® Online, a secure, password-protected interactive website that contains self-assessments, search tools, extensive content on personal health, relational, legal, health and financial concerns for *You*.
- Access to unlimited telephonic counseling service. This service provides access to experts to provide *You* with assessment, counseling and referral advice.
- Up to three face-to-face counseling sessions.

How Do You Access Disability Resource Services?

Guidance Resources is accessed online. Your employer will provide *You* with a password to use on the website. The website URL is www.GuidanceResources.com. Telephonic and face to face counseling is available if you qualify as stated above. To contact a counselor, please call 1-866-899-1363.

Guidance Resources and telephonic counseling is provided by ComPsych® Corporation. We do not underwrite or administer this program.

When do Disability Resource Services Terminate?

- Disability Resource Services terminate if *Your* coverage is terminated under the section on *When does Your coverage under the Policy end?* located in the Termination Provision of the contract; or,
- When you are no longer qualify for Total Disability or Partial Disability benefits under the Policy.

President

Nothing contained in this Rider shall be held to alter or affect any provision or condition of the Policy other than as stated above.

NOTICE
to
the Policyholder and Certificate holder Insured under
the Group Long Term Disability Insurance Policy
Provided by Dearborn National Life Insurance Company
Regarding the Disability Resource Services Noninsurance Benefit

This notice is to advise you that Your Group Disability Insurance program also provides a non-insurance benefit: *Disability Resource Services*.

Noninsurance Benefit Description and How the Benefit May Be Obtained

Disability Resource Services is a noninsurance benefit that provides you with a link to Guidance Resources® Online, a secure, password-protected interactive website that contains self-assessments, search tools, and extensive content on personal health, relational, legal, health and financial concerns for insured persons and their family.

In addition *You* have access to telephonic counseling by calling 1-866-899-1363, and up to three face-to-face counseling sessions.

This noninsurance benefit is available at the option of the Policyholder without any action required on the part of an insured person to either accept or decline the service.

There is no charge for this noninsurance benefit.

The service is currently administered and provided by ComPsych® Corporation.

Dearborn National Life Insurance Company (sometimes referred to as “We” or “Our”) makes this program available, but it does not underwrite or administer the *Disability Resource Services* program.

Why This Service is Being Made Available

We are making this service available to provide support and assistance to insureds who have suffered a loss that is covered by the group disability insurance policy. Living with a disability can be difficult, and this program provides counseling, and assistance with locating services to support the insured and their family members.

Termination of the Noninsurance Benefit

This noninsurance benefit is provided free of charge. It is subject to termination at our option or at the option of the program administrator.

If We discontinue this service We will notify the Policyholder not less than thirty (30) days in advance of the discontinuance of this service.

If the current program administrator discontinues the program and we are unable to find a replacement, we will notify the Policyholder as soon as is reasonable under the circumstances. If discontinued, the services available under this noninsurance benefit will no longer be available.

Unless terminated by Us or by the Program administrator, the Disability Resource Services noninsurance benefit is available following a covered loss for as long as you remain covered under the group disability insurance policy and such policy remains in effect.

ERISA INFORMATION STATEMENT*

The benefits described in your certificate are insured by a Policy issued by Dearborn National Life Insurance Company ("Dearborn National"), pursuant to an Employee Welfare Benefit Plan ("the Plan") established by your employer ("the Company"). This ERISA Information Statement ("EIS") describes some of the key provisions of the Plan in effect as of the Effective Date of the Policy.

It is not the intention of the EIS to cover all situations that may arise, but to provide you with a general understanding of your benefits. In the case of any item not covered by the EIS or in the event of any conflict between the EIS and the Policy, the Plan will always control. You should not rely on any oral explanation, description, or interpretation of the Plan because the written terms of the Plan will govern. Your right to any benefit depends on the actual facts and terms and conditions of the particular Plan; no rights accrue by reason of or arising out of any statement shown in or omitted from this EIS.

A. ADMINISTRATION OF THE PLAN

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator has full discretionary authority and control over the Plan. This authority provides the Plan Administrator with the power necessary to operate, manage and administer the Plan. This authority includes, but is not limited to, the power to interpret the Plan and determine who is eligible to participate, to determine the amount of benefits that may be paid to a participant or his or her beneficiary, and the status and rights of participants and beneficiaries. The Plan Administrator also has the authority to prescribe the rules and procedures under which the Plan shall operate, to request information, and to employ or appoint persons to aid the Plan Administrator in the administration of the Plan.

Failure by the Plan or the Plan Administrator to insist upon compliance with any provisions of the Plan at any time or under any set of circumstances shall not operate to waive or modify the provision or in any manner render it unenforceable as to any other time or as to any other occurrence, whether the circumstances are or are not the same. No waiver of any term or condition of the Plan shall be valid unless contained in a written memorandum expressing the waiver and signed by the person authorized by the Plan Administrator to sign the waiver.

The Plan may be amended, terminated or suspended in whole or in part, at any time without the consent of the employees or beneficiaries. Any amendment, termination or suspension shall be in writing, and attached to the Plan. Any amendment, termination or suspension shall be executed according to the Employer's authorized procedures. Any such authorization may be specific to the Plan or persons authorized to act on behalf of the Employer or may be general as to duties of such person. Except for termination or suspensions, any amendments affecting the Policy and/or Certificate must also be approved in writing by an officer of Dearborn National and shall be effective as of the date agreed to, in writing by the Plan Sponsor and Dearborn National. Notwithstanding anything to the contrary in this document, the Policy shall terminate according to the provisions in the Policy.

The Plan has other fiduciaries, advisors and service providers. The Plan Administrator may allocate fiduciary responsibility among the Plan's fiduciaries and may delegate responsibilities to others. Any allocation or delegation must be done in writing and kept with the records of the Plan. The Plan's life benefits are provided pursuant to an insurance policy issued to the Company. Dearborn National's (the Insurer's) services shall be limited to, and the Plan Administrator has the full discretionary and final authority to:

- resolve all matters when a review pursuant to the claims procedures has been requested;
- interpret, establish and enforce rules and procedures for the administration of the Policy and any claim under it; and
- determine eligibility of Employees and Dependents for benefits and their entitlement to and the amount of benefits.

Each fiduciary is solely responsible for its own improper acts or omissions. Except to the extent required by ERISA, no fiduciary has the duty to question whether any other fiduciary is fulfilling all of the responsibilities imposed upon the other fiduciary by law. Nor is a fiduciary liable for a breach of fiduciary duty committed before it became, or after it stopped being, a fiduciary. However, a fiduciary may be liable for a breach of fiduciary responsibility of any Plan fiduciary, to the extent provided in ERISA Section 405(a). The Employer makes no promise to continue these

* If this Plan is an ERISA plan, these ERISA provisions apply. However, your employer may issue a Summary Plan Description ("SPD"). If it does, and if there are any conflicts between the SPD and the EIS in regards to your ERISA rights, the SPD provisions will always control.

benefits in the future and rights to future benefits will never vest. Retirement does not give any retiree any vested right to continue to participate or receive Plan benefits.

B. CLAIMS PROCEDURE:

When you or your Beneficiary are eligible to receive benefits, you or your Beneficiary, or your authorized representative (collectively, "you") must notify the Plan Administrator by submitting the proper form in writing. You may do this by sending notice of your claim to the Plan Administrator who has been appointed to assist Dearborn National in the claims processing for this Plan or by contacting Dearborn National directly at:

Claims Department
Dearborn National Life Insurance Company
1020 31st Street
Downers Grove, IL. 60515-5591
1-800-348-4512

For the purpose of this Section, including Subsections 1 and 2 below, the terms "written" and "in writing" include "electronic." Any action required to be "written" or "in writing," may be done electronically, where available. If Dearborn National uses electronic notices, it will do so in accordance with 29 CFR 2520.104b-1©(i), (iii) and (iv).

1. Disability Insurance Plans

Dearborn National will give you a written response to your claim, usually within 45 days. The time for decision may be extended for two additional 30 day periods provided that, prior to any extension period, Dearborn National notifies you in writing that an extension is necessary due to matters beyond the control of the Plan, identifies those matters and gives the date by which it expects to render its decision. If the extension is due to your failure to submit information necessary to decide your claim, the time for decision shall be tolled from the date on which we send you notice of the extension until the date we receive your response to our request. This period will be no longer than 45 days after we have requested the information. At that time we will decide your claim based on the information we have at that time.

If the claim is denied, in whole or in part, you will receive a written notice giving the following:

- the reason for the denial;
- the Policy provisions on which the denial is based;
- an explanation of what other information, if any, may be needed to process the claim and why it is needed;
- the steps that you have to follow to have the claim reviewed;
- a statement that you have the right to bring a civil action under section 502(a) of ERISA after you appeal our decision and after you receive a written denial on appeal; and
- if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the denial, either (i) the specific rule, guideline, protocol or other similar criterion; or (ii) a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the denial and that a copy will be provided free of charge to you upon request; and
- if denial is based on medical judgment, either (i) an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances, or (ii) a statement that such explanation will be provided to you free of charge upon request.

If the claim has been denied, in whole or in part, you can appeal the denial to us for a full and fair review. You have at least 180 days to appeal from the claim denial.

You may:

- a. request a review upon written application within 180 days of the claim denial;
- b. request, free of charge, copies of all documents, records and other information relevant to your claim; and

* If this Plan is an ERISA plan, these ERISA provisions apply. However, your employer may issue a Summary Plan Description ("SPD"). If it does, and if there are any conflicts between the SPD and the EIS in regards to your ERISA rights, the SPD provisions will always control.

- c. submit written comments, documents, records and other information relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination.

Dearborn National will make a decision no more than 45 days after we receive your appeal. The time for decision may be extended for one additional 45 day period provided that, prior to the extension, Dearborn National notifies you in writing that an extension is necessary due to special circumstances, identifies those circumstances and gives the date by which it expects to render its decision. If your claim is extended due to your failure to submit information necessary to decide your claim on appeal, the time for your decision shall be tolled from the date on which the notification of the extension is sent to you until the date we receive your response to the request. The written decision will include specific references to the Plan provisions on which the decision is based and any other notice(s), statement(s) or information required by applicable law.

2. Life Insurance Plans

Dearborn National will give you a decision no more than 90 days after receipt of due proof of loss, except in special circumstances (such as the need to obtain further information), but in no case more than 180 days after the due proof of loss is received. The written decision will include specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

If the claim is denied, in whole or in part, the claimant will receive a written notice giving the following:

- the reason for the denial;
- the Policy provisions on which the denial is based;
- an explanation of what other information, if any, may be needed to process the claim and why it is needed; and
- the steps that have to be followed to have the claim reviewed.

Any denied claim may be appealed to the Insurer for a full and fair review. The claimant may:

- a) request a review upon written application within 60 days of receipt of claim denial;
- b) upon request and free of charge, review pertinent documents, records and other information relevant to the claim and receive copies of same; and
- c) submit issues, comments, records, and other information in writing.

A decision will be made by the Insurer no more than 60 days after receipt of the request for review, except in special circumstances (such as the need to obtain additional evidence), but in no case more than 120 days after the request for review is received. The written decision will include specific reasons for the decision and specific references to the Plan provisions on which the decision is based. The decision will advise you of any other appeal rights you have under the Plan, as well as your right to bring an action under Section 502(a) of ERISA.

C. ERISA NOTICE OF YOUR RIGHTS

As a participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all Plan participants shall be entitled to:

Examine, without charge, at the Plan Administrator's office and at other locations, such as work sites and union halls, all Plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.

Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies. Receive a summary of the Plan's annual financial report. The Plan Administrator is required to furnish each participant with a copy of this summary annual report.

In addition to creating rights for the Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employers, your union, or any other persons, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for the

* If this Plan is an ERISA plan, these ERISA provisions apply. However, your employer may issue a Summary Plan Description ("SPD"). If it does, and if there are any conflicts between the SPD and the EIS in regards to your ERISA rights, the SPD provisions will always control.

denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce your rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file a suit in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, United States Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefit Security Administration, United States Department of Labor, 200 Constitution Avenue, NW Washington DC 20210.

D. PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Company and any participant or to be consideration or an inducement for the employment of any participant or employee. Nothing contained in this Plan shall be deemed to give any participant or employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge any participant or employee at any time regardless of the effect which such discharge shall have upon him or her as a participant of this Plan.

* If this Plan is an ERISA plan, these ERISA provisions apply. However, your employer may issue a Summary Plan Description ("SPD"). If it does, and if there are any conflicts between the SPD and the EIS in regards to your ERISA rights, the SPD provisions will always control.



Administrative Office:
1020 31st Street • Downers Grove, IL 60515-5591

Products and services marketed under the Dearborn National® brand and the star logo are underwritten and/or provided by Dearborn National® Life Insurance Company (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico.

EXHIBIT D

City of Lubbock, TX RFP 14-11842-DT Ancillary Benefits

Insurance Requirement

<u>TYPE</u>	<u>AMOUNT</u>
1. Worker's Compensation and Employers Liability	Statutory \$500,000
2. Commercial General (public) Liability insurance including coverage for the following:	
a. Premises operations	Combined single limit for
b. Products/completed operations	bodily injury and property
c. Personal injury	damage of \$500,000 per
d. Advertising injury	occurrence or its equivalent.
e. Contractual liability	
3. Errors and Omissions	\$1,000,000
4. Comprehensive Automobile Liability	Combined single limit for
a. Any auto	bodily injury and property damage of \$300,000 per occurrence or its equivalent

The City shall be entitled, upon request, and without expense, to receive copies of the policies and all endorsements thereto and may make any reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any of such policies). Upon such request by the City, the Carrier/Provider shall exercise reasonable efforts to accomplish such changes in policy coverages, and shall pay the cost thereof.

The Carrier/Provider agrees that with respect to the above required insurance, insurance contracts and certificate(s) of insurance will contain and state, in writing, on the certificate or its attachment, the following required provisions:

- a. Name the City of Lubbock and its officers, employees, and elected representatives as additional insured, (as the interest of each insured may appear) as to commercial general liability insurance;
- b. Provide for 30 days notice to the City for cancellation, nonrenewal, or material change (except in the instance of non-payment);

- c. Provide for notice to the City at the address shown below by registered mail;
- d. The Carrier/Provider agrees to waive subrogation against the City of Lubbock, its officers, employees, and elected representatives for injuries, including death, property damage, or any other loss to the extent same may be covered by the proceeds of insurance;
- e. Provide that all provisions of this contract concerning liability, duty, and standard of care together with the indemnification provision, shall be underwritten by contractual liability coverage sufficient to include such obligations within applicable policies.
- f. All copies of the Certificates of Insurance shall reference the project name or bid number for which the insurance is being supplied.

The Carrier/Provider shall notify the City in the event of any change in coverage and shall give such notices not less than 30 days prior the change, which notice must be accompanied by a replacement CERTIFICATE OF INSURANCE.

All notices shall be given to the City at the following address:

Marta Alvarez – Director of Purchasing and Contract Management
City of Lubbock
1625 13th Street
Lubbock, Texas 79401

Approval, disapproval, or failure to act by the City regarding any insurance supplied by the Carrier/Provider shall not relieve the Carrier/Provider of full responsibility or liability for damages and accidents as set forth in the contract documents. Neither shall the bankruptcy, insolvency, or denial of liability by the insurance Carrier/Provider exonerate the Carrier/Provider from liability.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/08/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MARSH USA INC. 540 W MADISON CHICAGO, IL 60661 Attn: Healthcare.AccountsCSS@marsh.com/FAX: 212-948-1307 J05515-PL-PL-14-15	CONTACT NAME:	FAX (A/C, No):	
	PHONE (A/C, No, Ext):	E-MAIL ADDRESS:	
INSURED HEALTH CARE SERVICE CORP. AND ITS SUBSIDIARIES 300 EAST RANDOLPH STREET CHICAGO, IL 60601-5655	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Travelers Casualty And Surety Company Of America		31194
	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
INSURER F :			

COVERAGES **CERTIFICATE NUMBER:** CHI-004963318-01 **REVISION NUMBER:** 1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY					EACH OCCURRENCE	\$
	☐ COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
	☐ CLAIMS-MADE ☐ OCCUR					MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$
						PRODUCTS - COMP/OP AGG	\$
							\$
	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident)	\$
	☐ ANY AUTO					BODILY INJURY (Per person)	\$
	☐ ALL OWNED AUTOS	☐ SCHEDULED AUTOS				BODILY INJURY (Per accident)	\$
	☐ HIRED AUTOS	☐ NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident)	\$
							\$
	UMBRELLA LIAB	☐ OCCUR				EACH OCCURRENCE	\$
	EXCESS LIAB	☐ CLAIMS-MADE				AGGREGATE	\$
	☐ DED ☐ RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					☐ WC STATUTORY LIMITS ☐ OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	☐ Y ☐ N	N/A			E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A	PROFESSIONAL LIABILITY/E&O		103996357	01/01/2014	01/01/2015	LIMIT OF LIABILITY	\$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: RFP 14-11580-DT

CERTIFICATE HOLDER

CITY OF LUBBOCK
1625 13TH STREET
LUBBOCK, TX 79401

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.

Manashi Mukherjee

Manashi Mukherjee

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/08/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MARSH USA INC. 540 W. MADISON CHICAGO, IL 60661 Attn: Healthcare AccountsCSS@marsh.com/FAX: 212-948-1307	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
J05515-ALL-GAXW-13-14	INSURER(S) AFFORDING COVERAGE	
INSURED HEALTH CARE SERVICE CORPORATION AND ITS SUBSIDIARIES 300 EAST RANDOLPH STREET CHICAGO, IL 60601	INSURER A: Zurich American Insurance Company	NAIC # 16535
	INSURER B: N/A	N/A
	INSURER C: American Zurich Insurance Company	40142
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CHI-004963315-01 **REVISION NUMBER:** 1

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC		GLO 9377127 10 (AOS)	11/01/2013	11/01/2014	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS		BAP 9377126 10 AUTO PHYSICAL DAMAGE \$1,000 COMP/\$1,000 COLL	11/01/2013	11/01/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$	☐ OCCUR ☐ CLAIMS-MADE				EACH OCCURRENCE \$ AGGREGATE \$
C A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	WC 9377128 10 (AOS) WC 9377129 10 (RETRO)	11/01/2013 11/01/2013	11/01/2014 11/01/2014	☒ WC STATU-TORY LIMITS OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: RFP RFP 14-11580-DT

CITY OF LUBBOCK AND ITS OFFICERS, EMPLOYEES, AND ELECTED REPRESENTATIVES AS ADDITIONAL INSURED, AS TO COMMERCIAL GENERAL LIABILITY INSURANCE WHEN REQUIRED BY WRITTEN AGREEMENT. WAIVER OF SUBROGATION WHEN REQUIRED BY WRITTEN AGREEMENT.

CERTIFICATE HOLDER

CANCELLATION

CITY OF LUBBOCK 1625 13TH STREET LUBBOCK, TX 79401	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Manashi Mukherjee

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ZURICH[®]

Additional Insured – Automatic – Owners, Lessees Or Contractors

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem	Return Prem.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured: HEALTH CARE SERVICE CORPORATION

Address (including ZIP Code):

300 E. RANDOLPH ST.

FLOOR 14, CHICAGO, IL 60601-5099

This endorsement modifies insurance provided under the:

Commercial General Liability Coverage Part

- A. Section II – Who Is An Insured** is amended to include as an insured any person or organization who you are required to add as an additional insured on this policy under a written contract or written agreement.

However, if you have entered into a construction contract or construction agreement with an additional insured person or organization, the insurance afforded to such additional insured only applies to the extent permitted by law.

- B.** The insurance provided to the additional insured person or organization applies only to "bodily injury", "property damage" or "personal and advertising injury" covered under **Section I – Coverage A – Bodily Injury And Property Damage Liability** and **Section I – Coverage B – Personal And Advertising Injury Liability**, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf, and resulting directly from your ongoing operations or "your work" as included in the "products-completed operations hazard", which is the subject of the written contract or written agreement.

- C.** However, regardless of the provisions of Paragraphs **A.** and **B.** above:

1. We will not extend any insurance coverage to any additional insured person or organization:
 - a. That is not provided to you in this policy; or
 - b. That is any broader coverage than you are required to provide to the additional insured person or organization in the written contract or written agreement; and
2. We will not provide Limits of Insurance to any additional insured person or organization that exceed the lower of:
 - a. The Limits of Insurance provided to you in this policy; or
 - b. The Limits of Insurance you are required to provide in the written contract or written agreement.

- D.** The insurance provided to the additional insured person or organization does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering or failure to render any professional architectural, engineering or surveying services including:

1. The preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
2. Supervisory, inspection, architectural or engineering activities.

E. The following is added to Paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit of Section IV – **Commercial General Liability Conditions:**

The additional insured must see to it that:

1. We are notified as soon as practicable of an "occurrence" or offense that may result in a claim;
2. We receive written notice of a claim or "suit" as soon as practicable; and
3. A request for defense and indemnity of the claim or "suit" will promptly be brought against any policy issued by another insurer under which the additional insured may be an insured in any capacity. This provision does not apply to insurance on which the additional insured is a Named Insured, if the written contract or written agreement requires that this coverage be primary and non-contributory.

F. For the coverage provided by this endorsement:

1. The following paragraph is added to Paragraph 4.a. of the Other Insurance Condition of Section IV – **Commercial General Liability Conditions:**

This insurance is primary insurance as respects our coverage to the additional insured person or organization, where the written contract or written agreement requires that this insurance be primary and non-contributory with respect to any other policy upon which the additional insured is a Named Insured. In that event, we will not seek contribution from any other such insurance policy available to the additional insured on which the additional insured person or organization is a Named Insured.

2. The following paragraph is added to Paragraph 4.b. of the Other Insurance Condition of Section IV – **Commercial General Liability Conditions:**

This insurance is excess over:

Any of the other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured, in which the additional insured on our policy is also covered as an additional insured on another policy providing coverage for the same "occurrence", offense, claim or "suit". This provision does not apply to any policy in which the additional insured is a Named Insured on such other policy and where our policy is required by written contract or written agreement to provide coverage to the additional insured on a primary and non-contributory basis.

- G. This endorsement does not apply to an additional insured which has been added to this policy by an endorsement showing the additional insured in a Schedule of additional insureds, and which endorsement applies specifically to that identified additional insured.

All other terms and conditions of this policy remain unchanged.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

SCHEDULE

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A. In the performance of your ongoing operations; or
- B. In connection with your premises owned by or rented to you.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

ALL PERSONS OR ORGANIZATIONS.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective

Policy No.

Endorsement No.

Insured

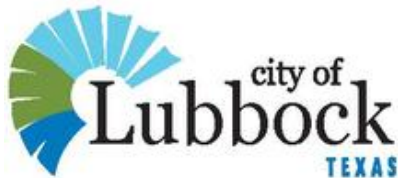
Premium \$

Insurance Company

Countersigned By _____

WC 00 03 13
(Ed. 4-84)

Copyright 1983 National Council on Compensation Insurance



Regular City Council Meeting

6. 11.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution – Police: Consider a resolution authorizing the Mayor to execute contract 11539 with the Child Advocacy Research and Education Center of the Texas Tech University Health Sciences Center (TTUHSC) School of Medicine Department of Pediatrics for medical examinations of children who are victims of sexual assault.

Item Summary

This annual contract sets the terms and conditions under which the Child Advocacy Research and Education (C.A.R.E.) Center of the TTUHSC School of Medicine Department of Pediatrics provides the Lubbock Police Department with medical evaluations, case reviews, consultations and other services needed in reported child abuse cases. The Texas Code of Criminal Procedures mandates that the requesting law enforcement agency initially pay the cost of the examination. The C.A.R.E. Center is the locally recognized provider for the services. The City pays \$450 per referred case. The referral fee of \$450 (per case) is fully reimbursed by the Texas Attorney General's Office.

Fiscal Impact

None.

Staff/Board Recommending

Roger Ellis, Chief of Police

Attachments

Resolution & Contract - Child Advocacy Research and Education (C.A.R.E.)

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the Mayor of the City of Lubbock is hereby authorized and directed to execute for and on behalf of the City of Lubbock an Agreement with the Texas Tech University Health Sciences Center and Department of Pediatrics C.A.R.E. Center, and related documents. Said Agreement is attached hereto and incorporated in this resolution as if fully set forth herein and shall be included in the minutes of the City Council.

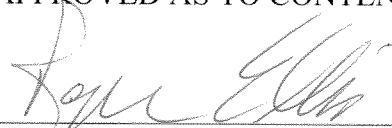
Passed by the City Council this _____ day of _____, 2014.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Roger Ellis, Chief of Police

APPROVED AS TO FORM:



Jeff Hartsell, Assistant City Attorney

THE STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LUBBOCK §

AGREEMENT FOR SERVICES IN INVESTIGATIONS OF CHILD ABUSE

WHEREAS, it is in the public's interest to investigate the physical and mental health and welfare of a child who has been or may be adversely affected by abuse; and

WHEREAS, the Police Department of the City of Lubbock is lawfully charged with the investigation of possible instances of child abuse; and

WHEREAS, the C.A.R.E. Center of Texas Tech University Health Sciences Center School of Medicine Department of Pediatrics can provide the City with the specialized service of forensic evaluation in suspected child abuse investigations; NOW THEREFORE:

ARTICLE I
PURPOSE OF AGREEMENT

The purpose of this Agreement is to state the terms and conditions under which C.A.R.E. Center will provide City with medical evaluation, case review, consultation and other needed services in investigations of child abuse in cases referred to C.A.R.E. Center by the Police Department of the City.

ARTICLE II

DEFINITIONS

LPD --Police Department of the City of Lubbock.

City--The City of Lubbock, Texas.

C.A.R.E. Center --The Child Advocacy Research and Education Center of the Texas Tech University Health Sciences Center School of Medicine Department of Pediatrics.

Referred Case --a referred case as used in this Agreement shall be:

- 1) a case specifically referred to C.A.R.E. Center by LPD in writing with a request for C.A.R.E. Center services, hereinafter enumerated;
- 2) a case where C.A.R.E. Center has previously provided the services, hereinafter enumerated, on its own behalf or at the request of a third party and subsequently LPD requests in writing that C.A.R.E. Center furnish copies, reports or perform other services, hereinafter enumerated, and,

based upon such services, initiates a crime report and assigns said case for investigation and notifies C.A.R.E. Center of such fact;

- 3) a case where C.A.R.E. Center has previously provided the services, hereinafter enumerated, on its behalf or on behalf of a third party and subsequently LPD requests in writing that C.A.R.E. Center furnish copies, reports or perform other services, hereinafter enumerated, and, based upon such services so provided, determines that no crime report should be created or further investigation had.

ARTICLE III SERVICES PROVIDED

- 1) The C.A.R.E. Center will provide forensic evaluation for outpatients, which includes medical examination, consultation with LPD personnel and a written report on referred cases.
- 2) The C.A.R.E. Center will provide forensic evaluation for hospital inpatients, which includes medical examination, consultation with LPD personnel and a written report on referred cases.
- 3) The C.A.R.E. Center will provide weekly discussion as needed of current referred child abuse cases by the Multi-disciplinary Case Review Team (MCRT) -- of which one member is an LPD staff member.
- 4) The C.A.R.E. Center will provide such other consultative services as needed in the investigation of child abuse cases referred to the C.A.R.E. Center by LPD, including expert information necessary to support LPD arrests.

ARTICLE IV COMPENSATION

The City shall pay C.A.R.E. Center FOUR HUNDRED FIFTY AND NO/100 DOLLARS (\$450.00) per referred case, which shall be due on or before the **5th** day of each month.

In the event a referred case requires more time to be properly evaluated for forensic purposes, C.A.R.E. Center shall obtain written authorization from the Chief of Police of the City prior to performing those additional services. To facilitate this method of payment, C.A.R.E. Center will send LPD a detailed statement at the end of each month indicating what services were provided and the number of hours spent on each referred case. The statement from C.A.R.E. Center will be verified with LPD records and no payment shall be rendered for any case not referred by City.

Notwithstanding anything to the contrary contained in this Agreement, but subject to the minimum amount of payment hereinafter set forth, the City shall compensate

C.A.R.E. Center only for those cases which are referred cases and only for the services enumerated in the "Services Provided" section of this Agreement as requested in writing by LPD.

To ensure the City that C.A.R.E. Center is performing the functions it represents that it performs, C.A.R.E. Center shall submit a detailed report at least quarterly to the City Council showing, but not limited to, the numbers and types of cases C.A.R.E. Center has handled during the preceding quarter. This report shall also show the nature and extent of research, counseling and prevention programs. The time for submission of said reports shall be determined from the date this Agreement is executed. The final annual quarterly report shall also contain a summation of said terms for the preceding year. Any information contained in the quarterly or annual reports shall be provided only to the extent permitted by the laws and constitution of the State of Texas.

In no event shall the total hours for which the City compensates the C.A.R.E. Center exceed 800 hours for the term of this Agreement. The C.A.R.E. Center will provide to City a quarterly report summarizing the services provided and compensation received. For a period up to four years after any year in which services are provided, the City retains the right to audit the books of C.A.R.E. Center inspecting the services provided under this Agreement. Any audit shall be accomplished during regular business hours and with the minimum of disruption to the C.A.R.E. Center.

ARTICLE V TERM OF AGREEMENT

The term of this Agreement shall commence on the 1st day of October, 2014, and shall continue in full force and effect through the City's fiscal year, which ends on September 30, 2015, unless terminated earlier by sixty (60) days written notice with or without cause from either party to the other. The City will pay for the performance of services from current revenues available to City. This Agreement may be renewed annually by mutual agreement in writing prior to its expiration date. TTHSC may terminate the Agreement for non-payment after notification and opportunity to cure.

ARTICLE VI C.A.R.E. CENTER'S INSURANCE

The C.A.R.E. Center shall maintain Professional Liability for physicians in the amount of ONE HUNDRED THOUSAND AND NO/100 (\$100,000.00).

ARTICLE VII C.A.R.E. CENTER'S LIABILITY

The C.A.R.E. Center shall hold City free from any liability or responsibility for the acts and omissions of C.A.R.E. Center and its authorized agents and employees in the performance of any terms and conditions of this Agreement, and for services rendered by C.A.R.E. Center, insofar as allowed by the laws and Constitution of the State of Texas.

ARTICLE VIII CONFIDENTIALITY

In keeping with the safeguarding by the medical profession of information about a patient obtained in the course of medical treatment, the results of all evaluations, consultations and examinations of cases referred to the C.A.R.E. Center by LPD will be kept in the strictest of confidence by C.A.R.E. Center and its employees. Information about individual child abuse cases will be released only to designated LPD personnel, and in compliance with Chapter 261 of the Texas Family Code.

ARTICLE IX OTHER PROVISIONS

- 1) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas.
- 2) Neither party to this Agreement may assign its rights or delegate its duties under this Agreement unless prior written consent of the other party is obtained.
- 3) If any term or provision of this Agreement is held to be invalid for any reason, the invalidity of that section shall not affect the validity of any other section of this Agreement provided that any invalid provision is not material to the overall purpose and operation of this Agreement. The remaining provisions of this Agreement shall continue in full force and effect and shall not be affected, impaired or invalidated.
- 4) This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understanding or written or oral agreements between the parties respecting the within subject matter.
- 5) This Agreement shall be changed only by written amendment signed by both parties and attached hereto.
- 6) Nothing in this Agreement is intended nor shall be construed to create an employer/employee relationship between the contracting parties. The sole interest and responsibility of the parties is to insure that services covered by this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner.
- 7) If applicable, the dispute resolution process provided in Chapter 2260 of the Texas Government Code shall be used by Texas Tech University Health Sciences Center and the City of Lubbock to attempt to resolve all disputes arising under this agreement.

IN WITNESS THEREOF, the parties to these presents have agreed upon and executed this Agreement for Services in Investigations of Child Abuse this _____ day of _____, 2014.

CITY OF LUBBOCK, TEXAS

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER

GLEN C. ROBERTSON, MAYOR

Elmo M. Cavin 7/17/2014
Elmo Cavin Date
Executive Vice President

ATTEST:

DEPARTMENT OF PEDIATRICS
C.A.R.E. CENTER

Rebecca Garza, City Secretary

R. M. Lampe 7/15/2014
Richard M. Lampe Date
Department Chairman

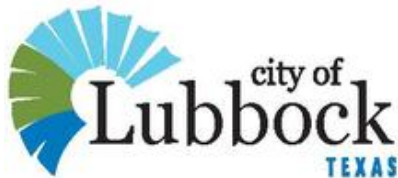
APPROVED AS TO CONTENT:

Roger Ellis
Roger Ellis, Chief of Police

APPROVED AS TO FORM:

Jeff Hartsell
Jeff Hartsell, Assistant City Attorney

CARE Center Agrmnt2014



Regular City Council Meeting

7. 1.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Finance: Discussion concerning property tax rates and the impact it may have on City operations, the FY 2014-15 Operating Budget, Capital Program, and the consideration of a resolution adopting a proposed tax rate that will result in additional revenues as outlined in Section 26.05(d) of the Tax Code of the State of Texas, and setting the dates for public hearings to discuss the proposed tax rate.

Item Summary

When a proposed tax rate exceeds the rollback rate or the effective rate, whichever is lower, State law requires that the City Council must vote to place a proposal to adopt the rate on the agenda of a future meeting as an action item. The rate proposed in the FY 2014-15 Operating Budget is \$0.52953 per \$100 valuation, which is higher than the 2014 effective rate of \$0.49750 and lower than the 2014 rollback rate of \$0.53768. These rates were based on the preliminary value.

The certified values were received from Lubbock Central Appraisal District on July 24, 2014 and show an increase in adjusted taxable value from the preliminary value, so the proposed rate recommended has been reduced to \$0.52740 per \$100 value. The debt rate was reduced from \$0.11638 to \$0.11425. This tax levy produces \$991,959 more in revenue than the original rate proposed in the FY 2014-15 budget.

The approval of this resolution is not the adoption of the tax rate, but is required for the publication of a proposed tax rate and the scheduling of public hearings to discuss the proposed tax rate. The rate that is finally adopted by the City Council in September 2014 will follow two public hearings, two readings of the tax ordinance, and public discussion.

The Texas Constitution and Property Tax Code embody the concept of truth-in-taxation to require taxing units to comply with certain steps in adopting their tax rates. The truth-in-taxation laws have two purposes:

1. To make taxpayers aware of tax rate proposals; and
2. To allow taxpayers, in certain cases, to roll back or limit a tax increase.

The truth-in-taxation requirements are contained in the Texas Constitution, Chapter 26, Property Tax Code, Article VIII, Section 21 and in S.B. 18 of the 79th Texas Legislature and S.B. 567 of the 80th Texas Legislature.

Effective Tax Rate:

The 2014 effective rate is \$0.49750. The effective tax rate is a calculated rate that will provide the City with about the same amount of revenue it received during the prior year on properties taxed in both years.

Rollback Tax Rate:

The 2014 rollback rate is \$0.53768. The rollback rate is a calculated maximum rate allowed by law without voter

approval. The rollback rate provides the City with approximately the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra 8% increase for those operations plus sufficient funds to pay debts in the coming year. If the City adopts a tax rate that is higher than the rollback rate, 7% of the registered voters in the City can circulate a petition calling for an election to limit the size of the tax increase.

If the tax rate proposed by the City Council exceeds the effective tax rate or rollback rate, whichever is lower, the City must follow legislative guidelines for proposing and adopting a tax rate. These guidelines include:

1. The City Council must vote to place a proposal to adopt the rate on the agenda of a future City Council meeting as an action item. The vote must be recorded. This guideline will be fulfilled with the passage of this agenda item.
2. The proposal must specify the desired rate. The City Council cannot vote to adopt a proposal to increase taxes by an unspecified amount.
3. If the motion passes, the City Council must schedule two public hearings on the proposal to increase taxes.
4. The City Council must notify the public of the dates, times and place or places for the public hearings and publish information about the proposed tax rate no later than September 1.
5. After publishing the required notice, the City must hold two public hearings. Taxpayers must have the opportunity to express their views on the increase at each public hearing. The City Council may not adopt the tax rate at either of the public hearings. At each public hearing, the governing body must announce the date, time, and place of the meeting at which the governing body will vote on the tax rate.
6. The Tax Code requires that City Council adopt the tax rate no less than three days, but no more than 14 days, after the second public hearing. If the City does not adopt the tax rate during this time period, then it must republish the notice of the meeting to adopt the tax rate, with the new date, time, and location to adopt the rate.

The public hearings to discuss the proposed tax rate are scheduled for 5:30 p.m. on August 28, 2014, and for 1:30 p.m. on September 4, 2014, in the City Council Chambers at City Hall.

Fiscal Impact

The cost of the publication of the notices is budgeted in the Adopted FY 2013-14 Operating Budget.

Staff/Board Recommending

Cheryl Brock, Executive Director of Budget

Attachments

Tax Rate Resolution

RESOLUTION

WHEREAS, the City Council of the City of Lubbock desires to place a proposal to adopt a property tax rate that will result in additional revenue as outlined in Section 26.05(d) of the Tax Code of the State of Texas on the agenda of a future meeting as an action item and schedule public hearings; NOW THEREFORE:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the City Council of the City of Lubbock hereby adopts a proposed property tax rate of \$0.52740 per \$100 valuation that will result in additional revenue, and sets the dates for public hearings on August 28, 2014 at 5:30 p.m. and on September 4, 2014 at 1:30 p.m. in the City Council Chambers located at 1625 13th Street, Lubbock, Texas. A vote on the tax rate shall be placed upon a future City Council agenda.

Passed by the City Council this _____ day of _____, 2014.

VOTING FOR PASSAGE:

VOTING AGAINST PASSAGE:

Council members present but not voting: _____

Council members absent: _____

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:

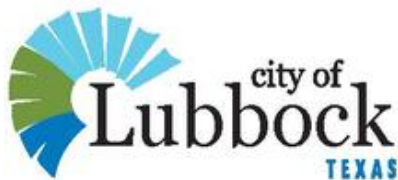
Cheryl Brock

Cheryl Brock, Executive Director of Budget

APPROVED AS TO FORM:

Amy L. Sims
Amy L. Sims, Deputy City Attorney

Tax Rate Reso
7.28.14



Regular City Council Meeting

7. 2.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Finance: Consider a resolution giving notice of the intention of the City Council to enter into a Tax Abatement Agreement with X-Fab Texas, Inc.

Item Summary

X-Fab, Texas, Inc. ("X-Fab") has submitted an application for tax abatement for improvements to real property and the addition of tangible personal property improvements (equipment) to the existing facility located at 2301 University, Lubbock, Lubbock County, Texas.

X-Fab, Texas, a member of X-Fab Silicon Foundries Group, began operations in Lubbock in 1999. X-Fab Silicon Foundries, headquartered in Erfurt, Germany, has three locations for wafer production in Germany, one in Malaysia, and one in Lubbock, each manufacturing silicon wafers for analog-digital integrated circuits. Virtually all of Lubbock's production is exported out of Texas and the vast majority is exported out of the U.S.

The City of Lubbock has been supportive of X-Fab's growth since the beginning, granting a tax abatement on the real property and the initial equipment in 2000, a tax abatement on renovations and an additional 7.5 million dollars in new equipment in 2007 and nominating X-Fab to be considered for an Enterprise Zone Project Designation by the State of Texas in 2013. In addition, in 2011, when Cymbet Corporation did an \$800,000 renovation and added almost \$4.4 million in equipment to the X-Fab facility, Cymbet was granted a five-year tax abatement on the equipment.

The current application indicates that X-Fab plans to expend approximately \$250,000 on expansion of the existing facility and \$13,965,000 on new equipment and is requesting a five-year declining scale tax abatement on the equipment. The project meets the Industrial Tax Abatement Policy and Guidelines minimum investment for an existing company of \$1,000,000 in personal property improvements.

Texas Tax Code Section 312.2041 requires that notice of intent of the City Council to enter into a Tax Abatement Agreement be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Tax Abatement Agreement is located. The Notice must include a draft copy of the proposed agreement and the date, time, and place that the City Council will consider the matter. This Resolution does not grant the tax abatement, it simply authorizes the required notice to the other taxing jurisdictions that a tax abatement agreement will be considered by the City Council.

Fiscal Impact

The estimated total amount of the City tax abatement will be \$211,323 over the term of the abatement.

Staff/Board Recommending

Cheryl Brock, Executive Director of Budget

RESOLUTION

WHEREAS, the City Council has determined to give notice of its intent to enter into a Tax Abatement Agreement with X-Fab Texas, Inc.; and

WHEREAS, V.T.C.A. Tax Code Section 312.2041 requires notice of intent of the City Council to be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Tax Abatement Agreement is located; NOW

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK:

THAT the City Secretary give notice as set forth in Exhibit "A" of the intention of the City Council to enter into a Tax Abatement Agreement with X-Fab Texas, Inc., said notice to be given to the presiding officers of each governing body of each taxing unit having jurisdiction in assessing taxes on the property located at 2301 N. University Avenue, Lubbock, Lubbock County, Texas which is further described in Exhibit "A-1".

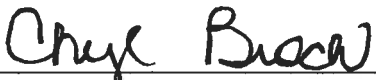
Passed by the City Council on _____ 2014.

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



Cheryl Brock, Executive Director of Budget

APPROVED AS TO FORM:



Linda L. Chamales
Economic Development Attorney

EXHIBIT “A”

**NOTICE OF INTENT OF THE CITY COUNCIL
OF THE CITY OF LUBBOCK TO ENTER INTO AN
AGREEMENT TO ABATE TAXES ON IMPROVEMENTS TO REAL
PROPERTY AND TANGIBLE PERSONAL PROPERTY
LOCATED AT 2301 UNIVERSITY, LUBBOCK, LUBBOCK COUNTY, TEXAS,
FURTHER DESCRIBED IN EXHIBIT “A-1”**

Notice is hereby given that the City Council of the City of Lubbock intends to enter into an Agreement with X-Fab Texas, Inc., to abate taxes on improvements to real property and tangible personal property located within an Enterprise Zone, EZ/RZ # 44, covering all of the subject property.

Notice is further given that the City Council of the City of Lubbock will consider authorizing the Mayor of the City to execute a contract between the City and X-Fab Texas, Inc. for tax abatement, a draft copy of said Agreement is attached to this notice as Exhibit “A-2” and made a part hereof for all purposes.

Notice is further given that the City Council will consider this matter at its meeting held in the City Council Chamber, City Hall, 1625 13th Street, City of Lubbock, on the 28th day of August, 2014, at approximately 5:15 o'clock p.m.

Exhibit "A-1"

BEGINNING at an aluminum disk monument found at the Northeast corner of said Drake Street on the South line of Block 1, Lubbock State School Addition, an addition to the City of Lubbock, according to the map, plat and/or dedication deed thereof, recorded in Volume 1143, Page 677, D.R.L.C.T. and also being North 0 deg. 01 min. 09 sec. East - 10.00 feet from the Northwest corner of Lot 1, Lawson Addition, an addition to the City of Lubbock, according to the map, plat and/or dedication deed thereof, recorded in Volume 838, Page 211, D.R.L.C.T.

THENCE South 0 deg. 01 min. 09 sec. West, along the East line of said abandoned Drake Street, at 10.00 feet, passing the Northwest corner of said Lawson Addition, continuing along the West line of said Lawson Addition, at 60.00 feet, passing the Southeast corner of said abandoned Drake Street and the most Northerly Northeast corner of said Texas Instruments Addition, continuing on for a total distance of 139.91 feet to an aluminum disk monument found for the Southwest corner of said Lawson Addition;

THENCE South 89 deg. 58 min. 01 sec. East, along the North line of said Texas Instruments Addition and the South line of said Lawson Addition, a distance of 143.27 feet to an aluminum disk monument found for the most Easterly Northeast corner of said Texas Instruments Addition and the Southeast corner of said Lawson Addition on the West Right-of-way of University Avenue (F.M. 1264, variable width R.O.W.);

THENCE South 0 deg. 32 min. 04 sec. East, along the East line of said Texas Instruments Addition and the West Right-of-way of said University Avenue, a distance of 2422.31 feet to a 1/2 inch iron rod set for corner;

THENCE North 89 deg. 27 min. 56 sec. East, along the East line of said Texas Instruments Addition and the West Right-of-way of said University Avenue, a distance of 10.00 feet to a 1/2 inch iron rod set for corner in the North Right-of-way of Loop 289 at the beginning of a curve to the right having a radius that bears North 89 deg. 50 min. 33 sec. West, a distance of 215.00 feet;

THENCE Along the North Right-of-way of said Loop 289 and along said curve to the right, with a chord that bears South 42 deg. 01 min. 23 sec. West - 286.98 feet, through a central angle of 83 deg. 43 min. 52 sec. and an arc length of 314.20 feet to a concrete Right-of-way marker found for corner at the end of said curve;

THENCE South 84 deg. 14 min. 24 sec. West, along the North Right-of-way of said Loop 289, a distance of 833.14 feet to an aluminum disk monument found for corner at the beginning of a curve to the left having a radius that bears South 05 deg. 45 min. 28 sec. East, a distance of 5879.65 feet;

THENCE Along the North Right-of-way of said Loop 289 and along said curve to the left, with a chord that bears South 82 deg. 04 min. 50 sec. West - 443.52 feet, through a central angle of 04 deg. 19 min. 23 sec. and an arc length of 443.63 feet to an aluminum disk monument found for corner at the end of said curve;

THENCE South 83 deg. 47 min. 51 sec. West, along the North Right-of-way of said Loop 289, a distance of 766.83 feet to a concrete Right-of-way marker found for corner;

THENCE South 73 deg. 26 min. 45 sec. West, along the North Right-of-way of said Loop 289, a distance of 266.20 feet to an aluminum disk monument found for corner;

THENCE South 89 deg. 52 min. 26 sec. West, along the North Right-of-way of said Loop 289, a distance of 599.04 feet to an aluminum disk monument found for the Southwest corner of said Texas Instruments Addition and the Southeast corner of a called 286.15 acre tract of land conveyed to the City of Lubbock as described in a deed recorded in Volume 370, Page 55, D.R.L.C.T.;

THENCE North 0 deg. 00 min. 37 sec. East, along the West line of said Texas Instruments Addition and the East line of said 286.15 acre tract, a distance of 2318.79 feet to an aluminum disk monument found for the most Westerly Northwest corner of said Texas Instruments Addition;

THENCE South 89 deg. 56 min. 05 sec. East, a distance of 100.19 feet to an aluminum disk monument found for an inside ell corner of said Texas Instruments Addition;

THENCE North 0 deg. 00 min. 05 sec. West, along the West line of said Texas Instruments Addition and the East line of said 286.15 acre tract, at 706.65 feet, passing the Southwest corner of the above mentioned abandoned Drake Street and continuing for a total distance of 766.65 feet to an aluminum disk monument found for the most Northerly Northwest corner of said Texas Instruments Addition and the Northwest corner of said abandoned Drake Street, on the South line of the above mentioned Block 1, Lubbock State School Addition;

THENCE South 89 deg. 53 min. 30 sec. East, along the North line of said Drake Street and the South line of Block 1, Lubbock State School Addition, a distance of 2800.50 feet to the POINT OF BEGINNING and containing 203.377 acres of land.

EXHIBIT "A-2" (DRAFT DOCUMENT)

AGREEMENT

STATE OF TEXAS §

COUNTY OF LUBBOCK §

This Agreement made this _____ day of _____, 2014, by and between the City of Lubbock, Texas, a home rule municipality of the State of Texas (hereinafter called "City"), and X-Fab Texas, Inc. (hereinafter called "X-Fab");

WITNESSETH:

WHEREAS, City received an application from X-Fab dated July 10, 2014 for tax abatement for improvements to real property located at 2301 N. University Avenue, Lubbock, Lubbock County, Texas which is further described in Exhibit "A" and for the addition of tangible personal property improvements (equipment); and

WHEREAS, upon review of the above application it was determined that the facility and real property is located in the Enterprise Zone, EZ/RZ #44 designated by the City in Ordinance No. 2013-O0108 covering the above described property; and

WHEREAS, the Guidelines and Criteria Governing Tax Abatement For Industrial Projects in the City of Lubbock was adopted by Resolution No. 2013-R0370 of the City Council of the City of Lubbock. A copy of the Guidelines and Criteria Governing Tax Abatement for Industrial Projects in the City of Lubbock is attached as Exhibit "B" and incorporated herein as if fully set forth; and

WHEREAS, the City complied with all the requirements set forth in V.T.C.A., Tax Code, Section 312.201; and

WHEREAS, the City complied with all the criteria and guidelines as set forth in the Guidelines and Criteria Governing Tax Abatement for Industrial Projects in the City of Lubbock; and

WHEREAS, V.A.T.C., Tax Code, Sec. 312.002 specifically states that such a purpose is to be included in the guidelines for tax abatement and to be eligible for such treatment; and

WHEREAS, Section IV of the Guidelines and Criteria governing Tax Abatement for Industrial Projects in the City of Lubbock recognizes expansion of an existing facility and addition of personal property as being eligible for tax abatement status; and

WHEREAS, the City Council does hereby find that all of the Guidelines and Criteria Governing Tax Abatement, as adopted by Resolution No. 2013-R0370 have been, or will be, met by Company; and

WHEREAS, the location of the facility and surrounding real property, which are to be the subject matter of this Agreement, are attached hereto as Exhibit "A" and made a part of this Agreement for all purposes; and

NOW THEREFORE, for and in consideration of the premises and of the mutual terms, covenants and conditions herein contained the City and X-FAB and do hereby agree as follows:

SECTION 1. Term. This Agreement shall commence January 1 of the tax year after the required improvements are at least 90 percent complete and shall expire and be of no further force and effect five (5) years after such date.

SECTION 2. Base Year. The base year applicable to real and personal property, which is the subject of this Agreement, shall be 2014, and the assessed value of the real and personal property shall be the assessed value applicable to such property for said year.

SECTION 3. Base Year Taxes. The taxes upon the real and personal property shall be paid in accordance with the assessed value of such property for the base year. Base year taxes upon the real property are thus not abated.

SECTION 4. Abatement of Increase in Base Year Tax. Because the real property described in Exhibit A has been the subject of a previous ten year tax abatement, real property taxes applicable to the real property subject to this Agreement shall not be abated, even to the extent the value for any given year within the term of this Agreement exceeds the base year taxes.

SECTION 5. Property Ineligible for Tax Abatement. The property described and set forth in Section IV(6) of the Guidelines and Criteria Governing Tax Abatement for Industrial Projects in the City of Lubbock (Exhibit "B") is incorporated by reference herein as if fully set out in this Agreement and fully describes the property ineligible for tax abatement.

SECTION 6. Exemption from Tax. The City covenants and agrees to exempt from taxation, in accordance with the appropriate Sections above, the following properties:

- (a) All eligible tangible personal property (equipment), placed in or upon the real property set forth in Exhibit "A", which does not include any equipment and personal property owned by X-Fab and already located in the existing facility.

SECTION 7. Economic Qualifications. X-Fab agrees to expend funds necessary to qualify for tax abatement by expanding and modernizing the existing facility owned by X-Fab, as set forth in Section IV(3)(b) of the Guidelines and Criteria Governing Tax Abatement for

Industrial Projects in the City of Lubbock (Exhibit “B”) on the property described in Exhibit “A”. A description of the kind, number and location of all proposed improvements is attached in X-Fab’s application, Exhibit “C” and incorporated herein as if fully set forth.

SECTION 8. Value of Improvements. In accordance with V.A.T.C., Tax Code, Section 312.204(a), which requires the owner of the property to make specific improvements or repairs to the property in order to be eligible for tax abatement, X-Fab will expend approximately two hundred fifty thousand dollars (\$250,000.00) for the expansion of an existing facility owned by X-Fab and thirteen million, nine hundred sixty-five thousand dollars (\$13,965,000.00) on new equipment to be located on the property described in Exhibit “A” which is within the Enterprise Zone designated by Ordinance No. 2013-O0108.

SECTION 9. Product Distribution. X-Fab will certify to City that 50% or more of their products are distributed outside of Lubbock County each year with their filing of the Certification form with the City of Lubbock, as required in Section IV 1(b) of the Guidelines and Criteria Governing Tax Abatement for Industrial Projects in the City of Lubbock.

SECTION 10. City Access to Property. X-Fab covenants and agrees that City shall have access to the property, which is the subject matter of this Agreement, upon reasonable notice and during normal business hours, and that municipal employees shall be able to inspect the property and documents necessary to insure compliance with the terms and conditions of Company’s application for tax abatement, attached as Exhibit “C”, and this Agreement.

SECTION 11. Portion of Tax Abated. City agrees, during the term of this Agreement, to abate taxes on eligible property according to the following schedule.

Year 1:	100%
Year 2:	80%
Year 3:	60%
Year 4:	40%
Year 5:	20%

SECTION 12. Type of Improvements. X-Fab proposes to modify the existing facility as described in Exhibit "C". X-Fab further states that the proposed improvements to the property above mentioned shall commence on September 1, 2014, and shall be completed June 30, 2016. X-Fab may request an extension of the above date from City in the event circumstances beyond the control of X-Fab necessitate additional time for completion of such improvements and such consent shall not unreasonably be withheld. X-Fab shall provide proof of completion within ten days of completion of improvements.

SECTION 13. Limitation on Use. X-Fab agrees to limit the use of the property set forth in Exhibit "A" to commercial and/or industrial uses as those terms are defined in the zoning ordinances of the City of Lubbock and to limit the uses of the property to uses consistent with the general purpose of encouraging development of the enterprise zone during the term of this agreement.

SECTION 14. Recapture. X-Fab agrees to be bound by and comply with all the terms and provisions for recapture of abated taxes in the event of default by Company pursuant to law and as set forth in Guidelines and Criteria for Tax Abatement in Exhibit "B."

SECTION 15. Certification. X-Fab agrees to certify annually in writing to the governing body of each taxing unit that the owner is in compliance with the terms of the Agreement.

SECTION 16. Compliance. The City may cancel or modify this Agreement if X-Fab fails to comply with the Agreement.

SECTION 17. Notices. Notices required to be given by this Agreement shall be mailed, certified mail return receipt requested, to the following addresses:

CITY OF LUBBOCK
City Manager
P.O. Box 2000
Lubbock, Texas 79457
Phone: (806) 775-2016

X-Fab TEXAS, INC.
Ed Pascasio, CFO
2301 N. University
Lubbock, Texas 79415
Phone: (806) 747-4400

SECTION 18. Effective Date. Notwithstanding anything contained herein to the contrary, this Agreement shall not be effective until such time as it has been finally passed and approved by the City Council.

EXECUTED on _____, 2014.

X-FAB, TEXAS, INC.

CITY OF LUBBOCK
A Municipal Corporation

Ed Pascasio, CFO

GLEN C. ROBERTSON, MAYOR

ATTEST:

Rebecca Garza, City Secretary

DRAFT

APPROVED AS TO CONTENT:

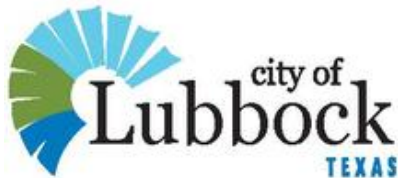
Cheryl Brock, Executive Director of Budget

APPROVED AS TO FORM:

Linda L. Chamales, Economic
Development Attorney

Lc: cityatt/Linda/ Tax Abatement Agmt – X-Fab 2014
July 21, 2014

DRAFT



Regular City Council Meeting

7.3.

Meeting Date: 08/14/2014

Information

Agenda Item

Resolution - Councilman Hernandez: Consider a resolution finding that the exterior surfaces of the Omni Building, located at 1206 14th Street, Lubbock, Texas, constitute an imminent risk to public safety and welfare, and further authorizing the Mayor to execute contract 11920 with T&S Plastering, Inc. of Lubbock, Texas, to alleviate the conditions constituting said risk, consistent with state law.

Item Summary

As stated above.

Fiscal Impact

Staff/Board Recommending

Victor Hernandez, Councilman, District 1

Attachments

Resolution & Contract - T & S Plastering, Inc

RESOLUTION

WHEREAS, the City of Lubbock, Texas, ("City"), a Home Rule municipality incorporated and operating under the Laws of the State of Texas has been granted full legal authority to take actions, as deemed necessary, in its reasonable judgment, to protect the public health, safety and welfare; and

WHEREAS; pursuant to State law, as set forth in the Local Government Code, Chapter 252, Section 252.022(a)(2)-(3) ("LGC") the City is legally authorized to approve and make expenditures in excess of \$50,000, without the need to undertake competitive bidding processes, when certain critical conditions exist; and

WHEREAS, the City Council received the following recommendations from the City Manager: 1) that a partial demolition of the Omni Building, located at 1206 14th Street, Lubbock, Texas was necessary and should be undertaken to remove parts of the building's facing which pose a risk to public safety and welfare by threatening to become unattached and fall to the areas below; and 2) that debris should be removed from the sidewalks and roadways around the Omni Building, inasmuch as it presents a public safety and welfare hazard for pedestrians, bicyclists, and motorists; and

WHEREAS, the City Council does hereby determine that such critical conditions exist to make it reasonable and necessary to undertake the expenditure of amounts in excess of \$50,000, which are exempted from the competitive bidding process, due to circumstances noted herein below, and which action is necessary to protect the public health, safety and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK, TEXAS:

1. The City Council of the City of Lubbock, Texas does hereby find that the condition of the exterior facing of the Omni Building, located at 1206 14th Street, Lubbock, Texas does significantly and imminently constitute a risk to public safety and welfare for pedestrians, bicyclists, and motorists such that action must be taken immediately to alleviate the hazardous condition; and
2. The City Council hereby formally finds that procurement of services involving and related to the partial demolition of the Omni Building, located at 1206 14th Street, Lubbock, Texas by removing parts of the building's facing which pose a risk to public safety and welfare by threatening to become unattached and fall to the areas below, and further to remove debris from the sidewalks and roadways around the Omni Building,

inasmuch as it presents a public safety and welfare hazard for pedestrians, bicyclists, and motorists, at a cost in the total amount determined by the City Manager to be reasonable and necessary to preserve and protect the public health, safety and welfare, thereby prompting application of an exemption from the State's competitive bidding requirements, as allowed by LGC §252.022(a)(2); and

3. That the City Council authorizes the Mayor to execute a contract with T&S Plastering, Inc. of Lubbock, Texas, and all related documents, to perform the aforementioned services to alleviate the significant and imminent public safety threat in connection with the exterior surfaces of the Omni Building on behalf of the City of Lubbock.

4. The Terms of this Resolution shall become effective immediately upon passage of this Resolution, subject to publication as required by State law, if any.

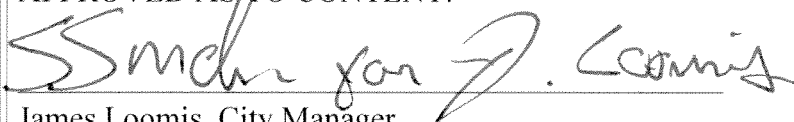
Passed by the City Council on _____.

GLEN C. ROBERTSON, MAYOR

ATTEST:

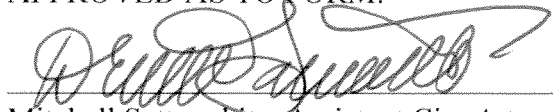
Rebecca Garza, City Secretary

APPROVED AS TO CONTENT:



James Loomis, City Manager

APPROVED AS TO FORM:



Mitchell Satterwhite, Assistant City Attorney

Res.Omni Bldg 6.3.14

EMERGENCY PROCUREMENT CONTRACT 11920

STATE OF TEXAS

COUNTY OF LUBBOCK

THIS AGREEMENT, made and entered into on June 12th, 2014 by and between the City of Lubbock, County of Lubbock, State of Texas, acting by and through the Mayor, City of Lubbock, thereunto authorized to do so, hereinafter referred to as OWNER, and **T & S Plastering, Inc.** of the City of Lubbock, County of **Lubbock**, and the State of **Texas**, hereinafter termed CONTRACTOR.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the OWNER and under the conditions expressed in the bond bearing even date herewith (if any) the CONTRACTOR hereby agrees with OWNER to commence and complete the partial demolition of certain improvements as described and set forth in Exhibit A, attached hereto and incorporated herein for all purposes.

The undersigned CONTRACTOR hereby declares that he has visited the site of the work and has carefully examined site pertaining to the work covered by the bid quotation dated May 15, 2014, hereto attached as Exhibit A and he further agrees to commence work on or before the date specified in the written Notice to Proceed, and to substantially complete the work on which he has bid.

The CONTRACTOR hereby agrees to commence work within ten days after the date written notice to do so shall have been given to him and to substantially complete same within the time specified in the Notice to Proceed and as described General Conditions incorporated and attached hereto.

The OWNER agrees to pay the CONTRACTOR in current funds for the performance of the contract in accordance with the Exhibit A therefore, subject to additions and deductions, as provided in the contract documents and to make payment on account thereof as provided therein.

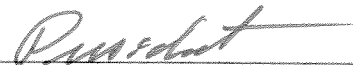
IN WITNESS WHEREOF, the parties to these presents have executed this agreement in Lubbock, Lubbock County, Texas in the year and day first above written.

CONTRACTOR:
(OWNER):
T & S Plastering, Inc.

CITY OF LUBBOCK, TEXAS

By: _____
MAYOR

By: 
PRINTED NAME: Mike Myers

TITLE: 

ATTEST:

City Secretary

COMPLETE ADDRESS:

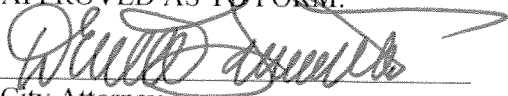
Company: T & S Plastering, Inc.
Address: 3411 B 82nd Street 211
City, State, Zip: Lubbock, Texas 79423

APPROVED AS TO CONTENT:

Steven O'Neal, Chief Building Official

ATTEST:

Corporate Secretary

APPROVED AS TO FORM:

City Attorney

GENERAL CONDITIONS OF THE AGREEMENT

1. PREVAILING WAGE RATES

Contract is required to comply with Texas Government Code, Chapter 2258, Prevailing Wage Rates, with respect to the payment of prevailing wage rates for the construction of a public work, including a building, highway, road, excavation, and repair work or other project development or improvement, paid for in whole or in part from public funds, without regard to whether the work is done under public supervision or direction. A worker is employed on a public work if the worker is employed by the contractor or any subcontractor in the execution of the contract for the project. A worker employed on a public work by or on behalf of the City of Lubbock shall be paid not less than the general prevailing rate of per diem wages for the work of a similar character in the locality in which the work is performed, and not less than the general prevailing rate of per diem wages for legal holiday and overtime work. The State of Texas has adopted the Federal Davis-Bacon wage rates for use in Texas pursuant to and in accordance with the Texas Government Code, Section 2258.022. Bidders may access the U. S. Department of Labor web site at the following web address to obtain the rates to be used in Lubbock County: <http://www.wdol.gov/dba.aspx>

2. NONAPPROPRIATION

All funds for payment by the City under this contract are subject to the availability of an annual appropriation for this purpose by the City. In the event of non-appropriation of funds by the City Council of the City of Lubbock for the goods or services provided under the contract, the City will terminate the contract without termination charge or other liability, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the goods or services covered by this contract is spent, whichever event occurs first. If at any time funds are not appropriated for the continuance of this contract, cancellation shall be accepted by the Seller on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the City shall not be obligated under this contract beyond the date of termination.

3. THE CITY RIGHT TO AUDIT

At any time during the term of this Contract and for a period of four (4) years thereafter the City or a duly authorized audit representative of the City, or the State of Texas, at its expense and at reasonable times, reserves the right to audit Contractor's records and books relevant to all services provided under this Contract. In the event such an audit by the City reveals any errors/overpayments by the City, Contractor shall refund the City the full amount of such overpayments within thirty (30) days of such audit findings, or the City, at its option, reserves the right to deduct such amounts owing the City from any payments due Contractor.

4. NON-ARBITRATION

The City reserves the right to exercise any right or remedy available to it by law, contract, equity, or otherwise, including without limitation, the right to seek any and all forms of relief in a court of competent jurisdiction. Further, the City shall not be subject to any arbitration process prior to exercising its unrestricted right to seek judicial remedy. The remedies set forth herein are cumulative and not exclusive, and may be exercised concurrently. To the extent of any conflict between this provision and another provision in, or related to, this document, this provision shall control.

5. CONTRACTOR'S INSURANCE

The Contractor shall not commence work under this contract until he has obtained all insurance as required in the General Conditions of the contract documents, from an underwriter authorized to do business in the State of

Texas and satisfactory to the City. Proof of coverage shall be furnished to the City and written notice of cancellation or any material change shall be provided ten (10) calendar days in advance of cancellation or change. All policies of insurance, required herein, including policies of insurance required to be provided by Contractor and its subcontractors, shall contain a waiver of any and all of the insurer's or payor's, in the event of self-insurance, rights to subrogation that any such insurer or payor, in the event of self-insurance, may acquire by virtue of payment of any loss under such insurance or self-insurance. All certificates of insurance submitted to the City in conformity with the provisions hereof shall establish such waiver.

The Contractor shall procure and carry at its sole cost and expense through the life of this contract, insurance protection as hereinafter specified. Coverage in excess of that specified herein also shall be acceptable. Such insurance shall be carried with an insurance company authorized to transact business in the State of Texas and shall cover all operations in connection with this contract, whether performed by the Contractor or a subcontractor, or separate policies shall be provided covering the operation of each subcontractor. A certificate of insurance specifying each and all coverages shall be submitted prior to contract execution.

PROOF OF COVERAGE SHALL BE FURNISHED TO THE CITY OF LUBBOCK IN THE FORM OF A CERTIFICATE OF INSURANCE. THE INSURANCE CERTIFICATES FURNISHED SHALL NAME THE CITY OF LUBBOCK AS ADDITIONAL INSURED ON AUTO/GENERAL LIABILITY ON A PRIMARY AND NON-CONTRIBUTORY BASIS TO INCLUDE PRODUCTS OF COMPLETE OPERATIONS. PROVIDE A WAIVER OF SUBROGATION IN FAVOR OF THE CITY OF LUBBOCK, OR IN THE ALTERNATIVE, SHALL BE ACCOMPANIED BY A STATEMENT FROM THE CONTRACTOR TO THE EFFECT THAT NO WORK ON THIS PARTICULAR PROJECT SHALL BE SUBCONTRACTED. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO PROVIDE TO THE OWNER ALL PROOF OF COVERAGE INSURANCE DOCUMENTS INCLUDING WORKER'S COMPENSATION COVERAGE FOR EACH SUBCONTRACTOR. COPIES OF THE ENDORSEMENTS ARE REQUIRED.

- A. Commercial General Liability Insurance (Primary Additional Insured and Waiver of Subrogation required)

The contractor shall have Comprehensive General Liability Insurance with limits of **\$1,000,000** Combined Single Limit in the aggregate and per occurrence to include:

Products & Completed Operations Hazard
Contractual Liability
Personal Injury & Advertising Injury
WITH HEAVY EQUIPMENT ENDORSEMENT

- B. Owner's and Contractor's Protective Liability Insurance.

For bodily injuries, including accidental death and or property damage, - **NOT REQUIRED.**

- C. Comprehensive Automobile Liability Insurance (Waiver of Subrogation Required)

The Contractor shall have Comprehensive Automobile Liability Insurance with limits of not less than; Bodily Injury/Property Damage, **\$1,000,000** Combined Single Limit, to include all owned and non-owned cars including: Employers Non-ownership Liability Hired and Non-owned Vehicles.

- D. Builder's Risk Insurance/Installation Floater Insurance - **NOT REQUIRED.**

E. Umbrella Liability Insurance - **NOT REQUIRED.**

F. Worker's Compensation and Employers Liability Insurance (Waiver of Subrogation required)

Worker's Compensation Insurance covering all employees whether employed by the Contractor or any Subcontractor on the job with Employers Liability of at least **\$1,000,000**

1. Definitions:

Certificate of coverage ("certificate") - A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the Contractor's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("subcontractor" in Section 406.096, Texas Labor Code) - includes all persons or entities performing all or part of the services the Contractor has undertaken to perform on the project, regardless of whether that person contracted directly with the Contractor and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

2. The Contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the contractor providing services on the project, for the duration of the project.
3. The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.
4. If the coverage period shown on the Contractor's current certificate of coverage ends during the duration of the project, the Contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.
5. The Contractor shall obtain from each person providing services on the project, and provide to the governmental entity:
 - (a) a certificate of coverage, prior to that person beginning work on the project, so the governmental entity shall have on file certificates of coverage showing coverage for all persons providing services on the project; and
 - (b) no later than seven days after receipt by the Contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
6. The Contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.

7. The Contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the Contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
8. The Contractor shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
9. The Contractor shall contractually require each person with whom it contracts to provide services on the project, to:
 - (a) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;
 - (b) provide to the Contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project;
 - (c) provide the Contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (d) obtain from each other person with whom it contracts, and provide to the Contractor:
 - (1) a certificate of coverage, prior to the other person beginning work on the project; and
 - (2) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (e) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;
 - (f) notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and
 - (g) contractually require each person with whom it contracts to perform as required by paragraphs (a) - (g), with the certificates of coverage to be provided to the person for whom they are providing services.
10. By signing this contract or providing or causing to be provided a certificate of coverage, the Contractor is representing to the governmental entity that all employees of the Contractor who shall provide services on the project shall be covered by worker's compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the Contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

11. The Contractor's failure to comply with any of these provisions is a breach of contract by the Contractor which entitles the governmental entity to declare the contract void if the Contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.

G. Proof of Coverage

Before work on this contract is commenced, each Contractor and subcontractor shall submit to the Owner for approval five Certificates of Insurance covering each insurance policy carried and offered as evidence of compliance with the above insurance requirements, signed by an authorized representative of the insurance company setting forth:

- (1) The name and address of the insured.
- (2) The location of the operations to which the insurance applies.
- (3) The name of the policy and type or types of insurance in force thereunder on the date borne by such certificate.
- (4) The expiration date of the policy and the limit or limits of liability thereunder on the date borne by such certificate.
- (5) A provision that the policy may be canceled only by mailing written notice to the named insured at the address shown in the bid specifications.
- (6) A provision that written notice shall be given to the City ten days prior to any change in or cancellation of the policies shown on the certificate.
- (7) The certificate or certificates shall be on the form (or identical copies thereof) contained in the job specifications. No substitute of nor amendment thereto will be acceptable.
- (8) If policy limits are paid, new policy must be secured for new coverage to complete project.
- (9) A Contractor shall:
 - (a) provide coverage for its employees providing services on a project, for the duration of the project based on proper reporting of classification codes and payroll amounts and filling of any coverage agreements;
 - (b) provide a certificate of coverage showing workers' compensation coverage to the governmental entity prior to beginning work on the project;
 - (c) provide the governmental entity, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the Contractor's current certificate of coverage ends during the duration of the project;
 - (d) obtain from each person providing services on a project, and provide to the governmental entity:
 - (i) a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and
 - (ii) no later than seven days after receipt by the Contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (e) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

- (f) notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the Contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project;
- (g) post a notice on each project site informing all persons providing services on the project that they are required to be covered, and stating how a person may verify current coverage and report failure to provide coverage. This notice does not satisfy other posting requirements imposed by the Texas Worker's Compensation Act or other commission rules. This notice must be printed with a title in at least 30 point bold type and text in at least 19 point normal type, and shall be in both English and Spanish and any other language common to the worker population. The text for the notices shall be the following text provided by the commission on the sample notice, without any additional words or changes:

REQUIRED WORKERS' COMPENSATION COVERAGE

"The law requires that each person working on this site or providing services related to this construction project must be covered by workers' compensation insurance. This includes persons providing, hauling, or delivering equipment or materials, or providing labor or transportation or other service related to the project, regardless of the identity of their employer or status as an employee."

"Call the Texas Workers' Compensation Commission at 800-372-7713 or 512-804-4000 (www.tdi.state.tx.us) to receive information of the legal requirements for coverage, to verify whether your employer has provided the required coverage, or to report an employer's failure to provide coverage;" and

- (h) contractually require each person with whom it contracts to provide services on a project, to:
 - (i) provide coverage based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements for all of its employees providing services on the project, for the duration of the project;
 - (ii) provide a certificate of coverage to the Contractor prior to that person beginning work on the project;
 - (iii) include in all contracts to provide services on the project the following language:

"By signing this contract or providing or causing to be provided a certificate of coverage, the person signing this contract is representing to the governmental entity that all employees of the person signing this contract who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reprinting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the Contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions."

- (iv) provide the Contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
- (v) obtain from each other person with whom it contracts, and provide to the Contractor:
 - (1) a certificate of coverage, prior to the other person beginning work on the project; and
 - (2) prior to the end of the coverage period, a new certificate of coverage showing extension of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
- (vi) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;
- (vii) notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and
- (viii) contractually require each other person with whom it contracts, to perform as required by paragraphs **(i)-(viii)**, with the certificate of coverage to be provided to the person for whom they are providing services.

6. LAWS AND ORDINANCES

The Contractor shall at all times observe and comply with all federal, state and local laws, ordinances and regulations, which in any manner affect the contract or the work, and without limiting, in any way, manner or form, the indemnity provided by Contractor. The Contractor shall indemnify and save harmless the Owner, and all of its Offices, agents, and employees against any claims arising from the violation of any such laws, ordinances, and regulations, whether by the Contractor, its employees, or subcontractors. If the Contractor observes that the plans and specifications are at variance therewith, he shall notify the Owner's Representative in writing prior to bidding and any necessary changes shall be adjusted as provided in the contract for changes in the work. In the absence of timely written notification to Owner's Representative of such variance or variances within said time, any objection and/or assertion that the plans and specifications are at variance with any federal, state or local laws, ordinances or regulations shall be deemed waived. If the Contractor, its employees or subcontractors perform any work contrary to such laws, ordinances, rules and regulations, and without such notice to the Owner's Representative, Contractor shall bear all costs arising therefrom.

The Owner is a municipal corporation of the State of Texas and the law from which it derives its powers, insofar as the same regulates the objects for which, or the manner in which, or the conditions under which the Owner may enter into contracts, shall be controlling, and shall be considered as part of this contract to the same effect as though embodied herein.

7. INDEPENDENT CONTRACTOR

Contractor is, and shall remain, an independent contractor with full, complete and exclusive power and authority to direct, supervise, and control its own employees and to determine the method of the performance of the work covered hereby. The fact that the Owner or Owner's Representative shall have the right to observe Contractor's work during Contractor's performance and to carry out the other prerogatives which are expressly reserved to and vested in the Owner or Owner's Representative hereunder, is not intended to and shall not at any time change or

effect the status of the Contractor as an independent contractor with respect to either the Owner or Owner's Representative or to the Contractor's own employees or to any other person, firm, or corporation.

8. CLEANING UP

The Contractor shall at all times keep the premises free from accumulation of debris caused by the work, and at the completion of the work Contractor shall remove all such debris and also its tools, scaffolding, and surplus materials and shall leave the work site clean of the same. The work shall be left in good order and condition. In case of dispute Owner may remove the debris and charge the cost to the Contractor.

9. HAZARDOUS SUBSTANCES AND ASBESTOS

Hazardous Substances (herein so called), as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C.S. §9601(14)) and the regulations promulgated thereunder, as same may be amended from time to time, hydrocarbons or other petroleum products or byproducts and/or asbestos, in any form, shall not (i) be utilized, in any way, manner or form, in the construction of, or incorporation into, the Project; or (ii) be brought upon, placed, or located, by any party, on the Project site, or any other property of the City, without the written consent of the Owner's Representative. If Contractor believes that the utilization of a Hazardous Substance, hydrocarbons or other petroleum products or byproducts and/or asbestos is necessary in the construction of the Project, or that it is necessary to place and/or otherwise locate upon the site of the Project or other property of the City, a Hazardous Substance, hydrocarbons or other petroleum products or byproducts and/or asbestos, Contractor shall notify the Owner's Representative, and request consent therefrom, at least twenty (20) days prior to such action. Owner's Representative may grant or deny the request of Contractor and provide whatever requirements such consent, if granted, is conditioned upon, in its sole and absolute discretion. If the request of Contractor is not granted, or otherwise not responded to, by Owner's Representative within five (5) days of the receipt of said request, said request shall be deemed to be denied.

In the event Owner's Representative shall consent to the request of Contractor, Contractor shall be responsible for ensuring that all personnel involved in the Project are (i) trained for the level of expertise required for proper performance of the actions contemplated by this Contract and, in particular, in all aspects of handling, storage, disposal and exposure of Hazardous Substances, hydrocarbons or other petroleum products or byproducts and/or asbestos; and (ii) are provided and utilize all protective equipment, including without limitation, personal protective gear, necessary to provide protection from exposure to Hazardous Substances, hydrocarbons or other petroleum products or byproducts and/or asbestos.

T & S PLASTERING, INC.

3411 B 82nd street Suite 211 Lubbock Texas 79423

806-548-2574
806-748-1444 FAX

BID QUOTATION

DATE: May 15, 2014

PROJECT: Omni Building

ADDENDUM: N/A

We propose to furnish and install materials as per plans and specs as follows:

1. To remove remaining EIFS system and the face marble panels at all four outside corners of the building. Note we will not remove the marble returning into the window curtain system as it goes behind the mullions.

2. To remove remaining EIFS system and the marble panels at the east stairwell columns. The face panels and the outside returns only. And removal of the upper EIFS detail at the east elevation.

3. Removal of remaining marble panels at the west alley elevation.

4. Clean up of the surrounding streets including removing the stacked marble to the inside of the parking garage.

5. All materials that we remove from the building will be placed in dumpsters and hauled to the landfill.

BASE BID: \$105,000.00 this includes a \$10,000.00 contingency for window repair and other miscellaneous items.

ALTERNATE: N/A

If you have any problems receiving this quote, or have any questions please feel free to call Mike Myers at 806.548.2574

THANK YOU FOR YOUR CONSIDERATION OF OUR QUOTE
Fax # 806-748-1444

Sales Tax Excluded on all remodels
Flashing or Caulking not included in Quote



City of Lubbock, Texas

Contract & Procurement Related Agenda Items

The City Council has statutory obligations when awarding contracts and contract amendments. The following is provided to assist elected officials when considering contract and procurement related agenda items:

- There exists the general concept that the taxpaying public should receive the best price possible for purchases in the interest of the public good, and that the government should maximize, to the fullest extent practicable, the purchasing value of public funds. McQuillin Municipal Corporations, 3rd Ed.
- During the period between offer submission date and the contract award, offerors, including their agents and representatives, may not discuss or promote their offer with any member of the Lubbock City Council or City staff except upon the request of the Purchasing Department in the course of city-sponsored inquiries, briefings, interviews, or presentations. The provision is not meant to preclude offerors from discussing other matters with City Council members or City staff. The policy is intended to place all offerors upon the same plane of equality, assure that contract decisions are made in public, and to protect the integrity of the bid process. Its purpose is to stimulate competition, prevent favoritism and secure the best work and materials at the lowest practicable price, for the best interests and benefit of the taxpayers and property owners. *Sterrett v. Bell*, 240 S.W.2d 516, 520 (Tex. Civ. App. – Dallas 1951, no writ)
- Elected officials and employees are prohibited from participating in the profits of a City contract or having an interest in a sale to the City. §1, Art. IX, Sec. 4, City Charter
- Bids from bidders who reside in states that grant resident bidder preference for that state's purchases are reciprocated in the same manner when bidding against a Texas bidder. §2252.002, Texas Govt Code
- Architectural, engineering, and land surveying service providers are prohibited from submitting bids or cost proposals. The City selects the most highly qualified provider of services based on demonstrated competence and qualifications through a Request for Qualifications process; and then attempts to negotiate with that provider a contract at a fair and reasonable price. §2254.004, Texas Govt Code
- The total contract price caused by change orders may not increase more than 25%, and the total price may not be decreased by more than 25% without the consent of the contractor. §252.048, Texas Local Govt Code
- Proposals are opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations. §252.049, Texas Local Govt Code
- Participating in purchasing cooperatives with other local governments and cooperative purchasing organizations satisfies state law requiring the City to solicit competitive bids. §271.102, Texas Local Govt Code
- If the City receives two or more low bids that are identical, the selection of the winner is made by the casting of lots. If only one of the bidders submitting identical bids is a resident of the City, that bidder will receive the award. §271.901, Texas Local Govt Code
- If the City receives a bid for personal property not affixed to real property, or services, from a resident bidder whose principal place of business is within Lubbock city limits and whose bid is within 5% of the lowest bid received from a bidder whose principal place of business is not within Lubbock city limits, the City may enter into a contract for an expenditure of less than \$100,000 with the lowest bidder or the resident bidder if Council determines that the resident bidder offers the City the best combination of contract price and additional economic development opportunities for the City. §271.9051, Texas Local Govt Code
- If there is a conflict between the City's policies and procedures and a state law, or a rule adopted under a state law, the stricter of the two provisions prevails.

Ethics - The City subscribes to National Institute of Governmental Purchasing Code of Ethics. City Charter, Ch. 1, Art. IX, prohibits City Council members, officers, or employees, from having an interest in profits/emoluments of a contract, job, work, or service to the City.

Purchasing Thresholds - Methods for procurement vary depending upon the nature of the procurement, the dollar amount, and the type of vendor will be used. Flexibility in making small buys within a particular dollar range is allowed for efficiency purposes and minimal paperwork. Intermediate ranges in between the smallest procurements (micro purchases) to publicly announced

procurements (large purchases) usually allow limited competition and abbreviated paperwork to promote efficiency. Large procurements are publicly announced and vendors are required to respond with written and signed proposals/bids. Tex. Local Govt. Code (LGC) §271.102 and 103 waive the requirement for quotes or bids/proposals if an opportunity to piggy-back another governmental entity's competitive bid is available.

Goods and Services	Approval Authority	Procurement Method	Legal Authority
Up to \$500	Using department	No quotes required	City Procurement Policy
\$501 – 2,500	Using department	Verbal quotes/proposals, electronic bids	City Procurement Policy
\$2,501 – 50,000	City Manager	Written quotes/proposals, electronic bids	LGC §252.0215
More than \$50,000	City Council	Written bids/proposals, electronic bids	LGC §252.021, 024, 041, 0415, 042, 043,
Professional Services			
Up to \$50,000	City Manager	Written proposals	GC §2254.003
More than \$50,000	City Council	Written proposals	GC §2254.003
Architectural/Engineering Services			
Up to \$50,000	City Manager	Rotation list	GC §2254.004
More than \$50,000	City Council	Statement of qualifications	GC §2254.004
Construction			
Up to \$50,000	City Manager	Written quotes/proposals	LGC §252.0215
More than \$50,000	City Council	Written quotes/proposals	LGC §252.021, 0215, 043, 0435
Emergencies			
Up to \$50,000	City Manager	Verbal or written quotes	City Procurement Policy
More than \$50,000	City Council	Verbal or written quotes	LGC §252.022
Interlocal/Real Property			
Any amount	City Council	Negotiated	LGC §252.022, 050 and §272
Change Orders/Amendments			
Up to \$50,000	City Manager	Negotiated	LGC §252.048
More than \$50,000	City Council	Negotiated	LGC §252.048

Public Notice - For contracts involving an expenditure greater than \$50,000, LGC §252 requires the City to publish bid notices in a local newspaper once a week for two consecutive weeks. The date of the first publication is before the 14th day before the date set to open the bid. Bids are posted on the Internet, and potential bidders contacted via E-mail.

Public Works Construction – Pursuant to LGC §271, the City uses the following delivery methods for construction of public works:

- Competitive bidding
- Competitive sealed proposals
- Design-build
- Construction manager
- Job order contract

Tex. Govt. Code (GC) §2253.021 and LGC §2267 require payment bonds for public works contracts more than \$50,000 and performance bonds for public works contracts more than \$100,000. The City requires a 5% bid bond for public works contracts.

Bidders are required to comply with GC §2258 with respect to payment of prevailing wage rates.

The City may contract with a developer of a subdivision or land for the developer to construct public improvements, excluding a building, provided the City's participation in the cost does not exceed 30%. LGC §212.072

Professional Services - Professional services require specialized skill, training and expertise, use of professional judgment/discretion, and/or a high degree of creativity, and often involve a relationship of personal trust and confidence, and different procurement processes are available, as such.

Generally, the competitive sealed proposal procedure is used to solicit proposals, including price, and to procure professional services.

GC §2254.004 requires that the City use a two-step procedure for procuring architectural, engineering, or surveying services. The most highly qualified provider is first selected on the basis of competence and qualifications, excluding price, and then

a contract with the selected provider is negotiated at a fair and reasonable price.

Emergency Purchases - An emergency purchase more than \$25,000 that results from the occurrence of a natural disaster, public calamity, or that might lead to impairment of the health, safety or welfare of the public if not immediately addressed is authorized by the City Manager and ratified by City Council. LGC §252.022(a)(2)

Sole Source Purchases - Sole source purchases are made when functional requirements of the City can only be satisfied by only one source involving patents, copyrights, secret processes or natural monopolies. LGC §252.022(a)(7)(A)

Local Preference - If the City receives a bid less than \$100,000 from a local bidder whose bid is within 5% of the lowest bid received from a non-local bidder, LGC §271.9051 allows the City to contract with the lowest bidder, or the local bidder if Council determines that the local bidder offers the City the best combination of contract price and additional economic development opportunities.

GC §2252.002 requires that bids from bidders who reside in states that grant a resident bidder preference for that state's purchases are reciprocated in the same manner when bidding against a Texas bidder.

Consideration and Award of Bid or Proposal Requests

From 2008 Texas Municipal Procurement Laws Made Easy, Texas Attorney General

Can a city adopt additional criteria regarding the qualifications of potential bidders?

Prior to 2001, a city could adopt additional criteria regarding the qualifications of bidders only if such criteria had a definite, objective relationship to matters of quality and competence. For example, prior rulings have allowed a city to consider such criteria as a bidder's experience, manpower, equipment, financial resources, business judgment, ability, efficiency, reliability, reputation, facilities, capacity to perform the work required, and likely supervisory requirements. A city may even consider the bidder's performance on similar contracts and the quality of the goods and services provided.

However, the city must be able to relate the criteria to matters of quality and competence of that specific bidder. For example, the Attorney General concluded that a school district could not adopt policies that judge a bidder based on the bidder's participation in voluntary school programs, the amount of local salaries, wages and taxes paid by the bidder, or the number of local jobs created by the bidder, etc. These criteria did not involve the quality or competence of the work the bidder would perform.

Legislation in 2001 modified the ability of cities to include various factors in awarding a contract. Under current law, if the city wishes to consider additional criteria, the city's bid specifications should clearly specify the various criteria that will be considered. When using additional criteria for competitive bidding, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the "best value" for the city using the following criteria:

- the purchase price;
- the reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the municipality's needs;
- the bidder's past relationship with the municipality;
- the impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
- the total long-term cost to the municipality to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

If no such additional criteria are spelled out in the bid specifications, state law only allows the city to award the contract to the lowest responsible bidder if using competitive bidding.

Can the city take into account the safety record of the bidder in making the award?

When awarding a contract using traditional competitive bidding, the city may only consider a bidder's safety record in regards to the bidder's "responsiveness" if notice has been given that such a criteria is relevant. Specifically, the governing body must have adopted a written definition and criteria for assessing the bidder's safety record, and must have given notice in the bid specifications that the safety record will be considered. Of course, any decision that the city makes must not be arbitrary or capricious.

What options does a city have if the lowest bidder has a prior history of poor performance?

Prior to 2001, a city arguably had two options when faced with a low bidder who had a prior history of poor performance. First, Chapter 252 states that a city may choose to reject any or all of the bids. If all of the bids are rejected, the city can start the bidding process over. This is probably the safest method to use

if the city has not made it clear in the bid specifications that a bidder's prior performance on similar contracts would be a factor in awarding the bid. The city then has an opportunity to include such a requirement in its subsequent bid specifications. Second, some legal analysts argued that a city could individually reject a low bidder who has a poor work history. This theory is based on the argument that the low bidder with such a history would not be considered a "responsible" bidder due to the prior history of poor performance.

Legislation passed in 2001 modified the ability of cities to include various factors in awarding a contract. Under current law, if the city wishes to consider additional criteria, the city's bid specifications should clearly specify the various criteria that will be considered. When using additional criteria for competitive bidding, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the "best value" for the city using the following criteria:

- the purchase price;
- the reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the municipality's needs;
- the bidder's past relationship with the municipality;
- the impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
- the total long-term cost to the municipality to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

Again, the best practice is to clearly indicate in the city's specifications that a bidder's prior performance on similar contracts may be considered in evaluating the bids.

What options does the city have if the city receives no bids in response to a request?

If competitive bids or proposals are required by Chapter 252 of the Local Government Code, there is no exception which would allow the city to avoid the statutory requirements due to a lack of bids. If a city receives no response to a request, the city must either re-advertise or decide not to undertake the contract.

What options does the city have if the city receives only one bid or proposal in response to a bid request?

If a city receives only one bid or proposal in response to its request, the city may accept the bid or proposal received, reject the bid or proposal and re-advertise, or reject the bid or proposal and decide not to undertake the project.

May competitive bids be rejected by a city staff member or must the city council decide which bids to reject?

State law provides that the governing body of the city may reject any and all bids. There is no provision that would allow the delegation of this decision to city staff. However, in certain cities the city staff will open the bids and provide a recommendation to the city council on whether the bid is responsive to the bid request and whether it should be accepted as the lowest responsible bid.

What is the general procedure for awarding a contract pursuant to competitive bidding?

First, bids must be publicly opened and the bid amounts read aloud at the time and place specified in the bid notice. The city council must then award the contract to the lowest responsible bidder or (if previously

noticed) the bidder that provides that best value to the city. In the alternative, the city may reject all bids. Once a bid has been opened, it may not be changed to correct minor errors in the bid price. However, under certain circumstances, a bidder may be able to withdraw a bid if it contains a substantial mistake that would cause a great hardship if enforced against the bidder.

What is the general procedure for awarding a contract pursuant to competitive sealed proposals?

If a city decides to use the competitive proposal procedures, it must first give notice of the request for proposals in the same manner as required for competitive bids. Generally, this means that the city must publish at least two newspaper notices of the time and place at which the proposals will be opened. These notices must be published at least once a week for two consecutive weeks, and the first notice must be published more than 14 days before the date set for opening the proposals. Requests for proposals must also solicit quotations and specify the relative importance of price and other evaluation factors.

Once proposals have been submitted, the city may conduct discussions with the offeror or offerors whom the city determines to be reasonably qualified for the award of the contract. Such discussions must comply with the request for proposals and with the regulations set by the city council. To obtain the best offers, the city may allow the submission of revisions after proposals are submitted and before the award of the contract. All offerors must be treated fairly and equally with respect to any opportunity for discussion and revision of the proposals.

In the end, the contract must be awarded to the offeror whose proposal is determined to be the most advantageous to the city. The city is to determine which proposal is the most advantageous based on the relative importance of price and the other evaluation factors included in the request for proposals.

Is information contained in a bid or proposal confidential under the Public Information Act?

Section 552.104 of the Government Code provides as follows:

- (a) Information is excepted from the requirements of Section 552.021 if it is information that, if released, would give advantage to a competitor or bidder.
- (b) The requirement of Section 552.022 that a category of information listed under Section 552.022(a) is public information and not excepted from required disclosure under this chapter unless expressly confidential under law does not apply to information that is excepted from required disclosure under this section.

The purpose of section 552.104(a) is to protect the interests of a governmental body in situations such as competitive bidding and requests for proposals, where the governmental body may wish to withhold information in order to obtain more favorable offers. Significantly, it is not designed to protect the interests of private parties that submit information such as bids and proposals to governmental bodies. Because section 552.104(a) protects only the interests of governmental bodies, it is an exception that a governmental body may waive by, for example, disclosing the information to the public or failing to raise the exception within the ten-day deadline.

Generally, section 552.104(a) protects information from public disclosure if the governmental body demonstrates potential harm to its interests in a particular competitive situation. A general allegation of a remote possibility of harm is not sufficient to invoke section 552.104(a). Section 552.104(a) is frequently raised to protect information submitted to a governmental body in response to a competitive bidding notice or request for proposals. In this context, the protection of section 552.104(a) is temporal in nature. Generally, section 552.104(a) does not except bids from public disclosure after bidding is completed and the contract has been executed. However, bids may continue to be withheld from public disclosure during the period in which the governmental body seeks to clarify bids and bidders remain at liberty to furnish additional information. Section 552.104(a) does not apply when a single individual or entity is seeking a contract as there are no "competitors" for that contract. Note that even when section 552.104(a) does not

protect bids from required public disclosure, section 552.110 will require the governmental body to withhold any portions of those bids that contain trade secrets or other commercial or financial information that is made confidential by law.

In addition to protecting the actual bid proposals, section 552.104(a) may protect information related to the bidding process that is not part of a bid. Although early decisions of the attorney general concluded that section 552.104(a) does not protect the interests of governmental bodies when they engage in competition with private entities in the marketplace, this line of opinions has been reexamined. In Open Records Decision No. 593 (1991), the attorney general concluded that a governmental body may claim section 552.104(a) to withhold information to maintain its competitive advantage in the marketplace if the governmental body can demonstrate: (1) that it has specific marketplace interests and (2) the possibility of specific harm to these marketplace interests from the release of the requested information. A governmental body that demonstrates that section 552.104 applies to information may withhold that information even if it falls within one of the categories of information listed in section 552.022(a).

Is information within a bid request concerning historically underutilized businesses confidential?

In 1997, the Texas Legislature amended the Public Information Act to make confidential certain information about disadvantaged or historically underutilized businesses. General information about these businesses is confidential if it is submitted to a governmental body in connection with an application for certification as a historically underutilized or disadvantaged business. With two exceptions, this information may be disclosed only with the express written consent of the applicant or the applicant's agent.

Without such consent, this information may be disclosed to a state or local governmental entity for one of the following two purposes: (1) to verify an applicant's status as a historically underutilized or disadvantaged business; or (2) to conduct a study of public purchasing programs established under state law for historically underutilized or disadvantaged businesses.

It is important to note that this new law protects only the information submitted with an application for certification as a historically underutilized or disadvantaged business. The business's actual bid is subject to the same rules of disclosure as any other bid. Additionally, information submitted in connection with a specific proposed contractual relationship or within an application to be placed on a bidders' list would be accessible under usual open records provisions. Thus, this information may be accessible even though it involves data that would be confidential if it were contained in the entity's application for certification as a historically underutilized or disadvantaged business.

Must bidders be allowed to speak at a city council meeting to explain or defend their bids?

A bidder does not have any special right to speak at an open meeting of the city council. The Texas Attorney General has concluded that the Open Meetings Act does not give members of the public a right to speak at an open meeting. Further, if the city chooses to allow members of the public to speak at a council meeting, the council may make reasonable rules regulating the number of speakers on a particular subject and the length of each presentation. However, the city council should not discriminate between one speaker and another, and the rules should be applied equally to all members of the public. The only situation in which the city council may be required to allow members of the public to speak would be if state law requires a public hearing on an issue or if state law requires that public comment be allowed on a particular subject.

However, there is no such public hearing or comment requirement that is applicable to competitive bidding issues.