

Committee-of-the-Whole Agenda

6:30 p.m.

Tuesday, December 8, 2015

Questions on the Agenda

Agenda Items

- 1. Utility Body & Crane Purchase** (J.D. Schulte, Fleet Manager)
- 2. Central Hydraulic System Purchase** (J.D. Schulte, Fleet Manager)
- 3. F150 Purchase** (J.D. Schulte, Fleet Manager)
- 4. CNG Transit Purchase** (J.D. Schulte, Fleet Manager)
- 5. Midwest Group Benefits Renewal** (Alison Fleming, Human Resources Manager)
- 6. United Healthcare Renewal** (Alison Fleming, Human Resources Manager)
- 7. Property Liability Insurance** (Alison Fleming, Human Resources Manager)
- 8. Change Order – Sidewalk Replacement** (Scott Hinton, City Engineer)
- 9. Change Order – Alley Reconstruction** (Scott Hinton, City Engineer)
- 10. Marquis Harbor Dredging** (Scott Hinton, City Engineer)
- 11. Other**
- 12. Public Comment**

Explanation

- 1. A Resolution authorizing the purchase of a utility body and 6,000 lb. crane for the Water division from Force and Sons Truck Equipment, Incorporated in Rock Island, Illinois, for \$38,743.** (J.D. Schulte, Fleet Manager)

Explanation: An incomplete cab and chassis has been purchased to replace a utility truck in the Water Division. Fleet Services published a bid spec for the utility body and crane needed to complete the assembly. Bids were opened on September 15, 2015, and Force and Sons Truck Equipment, Incorporated in Rock Island, Illinois, was the low responsive bidder. Its price for a Knapheide utility body, a Liftmoore crane and complete installation is \$38,743. Additional documentation is attached.

Staff Recommendation: Approval
Fiscal Impact: \$43,000 budgeted in Account #448-0867-437.07-03
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City, Strong Local Economy

- 2. A Resolution authorizing the purchase of seven central hydraulic systems and installation from Bonnell Industries in Dixon, Illinois, for \$213,913.** (J.D. Schulte, Fleet Manager)

Explanation: Fleet Services has purchased seven incomplete cab and chassis' for the Street, Water, and WPC Divisions of Public Works and the Parks Department. Staff published a request for proposal (RFP) for the central hydraulic systems and installation to operate the Swaploader hook-lifts and snow plows on these units. The proposals were opened on December 1, 2015, and Bonnell Industries in Dixon, Illinois, submitted the lowest priced proposal that met all of the City's requirements outlined in the RFP. Its price per unit came to \$30,559 for Force America central hydraulic systems with complete installation. The total price for all equipment and installation for all seven units is \$213,913. Additional documentation is attached.

Staff Recommendation: Approval
Fiscal Impact: \$241,023 budgeted in Account #448-0867-437.07-03
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City, Strong Local Economy

- 3. A Resolution authorizing the purchase of three light duty Ford F-150 compressed natural gas trucks from Courtesy Ford in Davenport, Iowa, for \$118,776.** (J.D. Schulte, Fleet Manager)

Explanation: The Fleet Services staff has budgeted in 2015 to replace three light duty trucks for the Public Works Department. These units have all exceeded their reliable, useful life. Using lifecycle costing to compare the fossil fuel drivetrain to the compressed natural gas (CNG) drivetrain, staff confirmed that the CNG drivetrain is the lowest cost and the most efficient option for their intended applications. Fleet Services published a request for proposal (RFP) for the three vehicles and the proposals were opened on December 1, 2015. Courtesy Ford in Davenport, Iowa, submitted the lowest priced proposal that met all of the City's requirements outlined in the RFP. Staff is requesting the approval to purchase three units as specified along with the authorization to reassign and, in due course, dispose of three units by the method most advantageous to the City. Additional documentation is attached.

Staff Recommendation: Approval
Fiscal Impact: \$119,700 budgeted in account #448-0867-437.07-03
Public Notice/Recording: N/A
Goals Impacted: Upgrade City Infrastructure & Facilities, Financially Strong City

- 4. A Resolution authorizing the purchase of two Ford Transit compressed natural gas vans from Reynolds Ford in East Moline, Illinois, for \$68,461.36.** (J.D. Schulte, Fleet Manager)

Explanation: The Fleet Services staff has budgeted to replace two light duty vehicles for the Public Works Department, one in the 2015 budget and one in the 2016 budget. These units have exceeded their reliable, useful life. Using lifecycle costing to compare the fossil fuel drivetrain to the compressed natural gas (CNG)

drivetrain, staff confirmed that the CNG drivetrain is the lowest cost and the most efficient option for their intended applications. Fleet Services published a request for proposal (RFP) for the two vehicles and the proposals were opened on December 1, 2015. Reynold's Ford in East Moline, Illinois, submitted the lowest priced proposal that met all of the City's requirements outlined in the RFP. Staff is requesting the approval to purchase two units as specified along with the authorization to reassign and, in due course, dispose of two units by the method most advantageous to the City. Additional documentation is attached.

Staff Recommendation: Approval
Fiscal Impact: \$79,800.00 budgeted in account #448-0867-437.07-03
Public Notice/Recording: N/A
Goals Impacted: Upgrade City Infrastructure & Facilities, Financially Strong City

- 5. A Resolution authorizing the Mayor and City Clerk to execute an agreement with Midwest Group Benefits to provide administrative services for dental, vision and flexible benefit claims for a one year period commencing on January 1, 2016.** (Alison Fleming, Human Resources Manager)

Explanation: Midwest Group Benefits currently provides claims administrative services for the City's dental, vision and flexible benefits plans. There will be no increase in the administrative costs for these services. Additional documentation attached.

Staff Recommendation: Approval
Fiscal Impact: Budgeted in the Health Fund
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City

- 6. A Resolution authorizing the Mayor and City Clerk to execute an agreement with United Healthcare Services, Inc. (United Healthcare) to provide administrative services and reinsurance for medical and prescription drug claims for a one year period commencing on January 1, 2016.** (Alison Fleming, Human Resources Manager)

Explanation: United Healthcare currently provides claims administrative services and reinsurance for the City's health benefits plan. Expected fixed costs for 2016, including reinsurance, for these services increased by 7.9%. Expected claims are projected to increase, resulting in a total increase in cost of 3.1% for medical and prescription drug benefits for 2016. This is below the predicted industry increases of 8% for governmental organizations with more than 500 members enrolled. Additional documentation attached.

Staff Recommendation: Approval
Fiscal Impact: Budgeted in the Health Fund
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City

- 7. A Resolution authorizing the Mayor and City Clerk to execute an agreement with USI Insurance for liability, property and workers' compensation insurance for a period of one year commencing on December 31, 2015.** (Alison Fleming, Human Resources Manager)

Explanation: USI Insurance, formerly known as Willis, is the current broker for the City's liability, property and workers' compensation insurance. They have submitted an agreement to provide coverage from December 31, 2015, through December 31, 2016. At \$804,470 the proposal is 0.44% (\$3,499) more than the amount budgeted for 2016. The increase from 2015 is 5.7% and is due, in part, to the increase in cyber, property and workers' compensation premium expenses. Additional documentation attached.

Staff Recommendation: Approval
Fiscal Impact: These items are budgeted for annually in the Liability Fund
Public Notice/Recording: N/A
Goals Impacted: Financially Strong City

8. A Resolution authorizing approval of a Reconciliation Change Order with Emery Construction Group, Inc. for Project #1217, 2015 Sidewalk Replacement Program, in the amount of \$52,366.32. (Scott Hinton, City Engineer)

Explanation: In order to make final payment to the contractor and close out the contract, a change order is needed in the amount of \$52,366.32. The change order reflects the expenditure of \$53,752.00 in Community Development Block Grant (CDBG) funding and is the difference between the estimated bid quantities and final quantities actually constructed. The change order increases the original contract value of \$117,220.00 by 44.7% to \$169,586.32. Additional documentation attached.

Staff Recommendation: Approval

Fiscal Impact: Funds are budgeted and available as follows:

ACCOUNT	BUDGETED	ORIGINAL CONTRACT	CHANGE ORDERS	TOTAL
CIP - 75%	60,000.00	50,420.00	3,015.92	53,435.92
Owner - 25%	20,000.00	16,800.00	(6,249.09)	10,550.91
CIP - ADA	50,000.00	50,000.00	1,847.49	51,847.49
CDBG	18,000.00		53,752.00	53,752.00
	\$148,000.00	\$117,220.00	\$52,366.32	\$169,586.32

Public Notice/Recording: N/A

Goals Impacted: Strong Local Economy, Upgrade City Infrastructure & Facilities

A Resolution authorizing approval of a Reconciliation Change Order with Walter D. Laud, Inc. for Project #1224, 2015 Alley Reconstruction, in the amount of \$2,345.12. (Scott Hinton, City Engineer)

Explanation: In order to make final payment to the contractor and close out the contract, a change order is needed in the amount of \$2,345.12. The change order reflects the difference between the estimated bid quantities and final quantities actually constructed. The change order increases the original contract value of \$139,860.50 by 1.7% to \$142,205.62. Additional documentation attached.

Staff Recommendation: Approval

Fiscal Impact: Funds are budgeted in account #510-9965-438.08-23 and CIP Reserves are available for the amount over the contract value.

Goals Impacted: Strong Local Economy, Upgrade City Infrastructure & Facilities

A Resolution authorizing the Mayor and City Clerk to execute a Contract with Superior Seawalls & Docks, Inc. for Project #1256, Dredging at Marquis Harbor, in the amount of \$185,810.00. (Scott Hinton, City Engineer)

Explanation: Bids were opened and publicly read on November 24, 2015, for Project #1256 with the following results:

\$185,810.00	Superior Seawalls & Docks, Inc.
\$218,875.00	Legacy Corporation of IL
\$293,250.00	Newt Marine Service

Project #1256 includes the dredging of Marquis Harbor “at the entrance and main channel to the slips” as per the terms of the City of Moline’s amended 1991 lease agreement with the operator of the Harbor. Superior Seawalls & Docks, Inc. submitted the lowest responsible and responsive bid. Additional documentation attached. In an effort to expedite the start of construction, this item will also appear on the City Council Agenda on December 8, 2015 under “Items Not on Consent.”

Staff Recommendation: Approval

Fiscal Impact: \$190,000.00 is preliminarily allocated in account #010-0828-423.04-25, Public Works, Public Property Maintenance in the proposed 2016 Budget.

Public Notice/Recording: N/A

Goals Impacted: Strong Local Economy, Upgrade City Infrastructure & Facilities

INVITATION TO BID FOR A UTILITY BODY AND 6,000 LB. CRANE FOR THE CITY OF
MOLINE PUBLIC WORKS DEPARTMENT, FLEET SERVICES DIVISION 2015 BUDGET

Total cost for one complete crane body painted to match and crane installed on the City of Moline's 2016 F650 2WD 108" cab to axle truck with 24" CNG cascade tank cabinet enclosure behind the cab (the effective CA is approximately 84" after CNG cabinet): \$ 30,743.00

Year of body proposed: 2015 Year of crane proposed: 2015

Make and Model of Body: Knapheide 6132DLR-38J

Make and Model of Crane: Liftmoore 6036WX-20

Delivery date of completely assembled unit to the City of Moline: 110 Days

The undersigned certified that he/she is a representative of the company shown below and as such representative is authorized to submit this proposal on their behalf.

Federal Tax Identification Number: 27-1641383
Company: Force & Sons Truck Equipment Inc
Address: 2601 5th st
City/State/Zip: Rock Island IL 61201
Telephone Number: 309-283-1400 Fax Number: 309-283-1403
Authorized Signature: Philip L Force
Name/Title: President
Date: 9-14-2015

REQUEST FOR PROPOSAL FOR SEVEN (7) CENTRAL HYDRAULIC SYSTEMS AND
INSTALLATION FOR THE CITY OF MOLINE PUBLIC WORKS
DEPARTMENT FLEET SERVICES DIVISION 2015 BUDGET

The proposal for these units must conform to all Federal Department of Transportation rules and regulations as published at the time of this proposal and shall meet the applicable requirements of the National Fire Protection Association (NFPA) for CNG systems as stated in current edition at time of contract execution.

Total cost for each system with installation, FOB Moline: \$ 28,513⁰⁰

Number of days required from cab and chassis arrival to Delivery: 90 Days

The undersigned certified that he/she is a representative of the company shown below and as such representative is authorized to submit this proposal on their behalf.

Trucks not to be delivered before March 15th 2016

Federal Tax Identification Number: 36-2789262

Company: BONNELL IND. INC.

Address: 1385 FRANKLIN GROVE RD

City/State/Zip: DIXON IL. 61021

Telephone Number: 815 284 3819 Fax Number: 815 284 8815

Authorized Signature: *Joseph W. Bonnell*

Name/Title: Joseph W. Bonnell, President

Date: November 27, 2015



1385 Franklin Grove Rd
 Dixon, IL 61021
 815-284-3819 * 815-284-8815 Fax
 800-851-9664
 www.bonnell.com * info@bonnell.com

Quote

Order Number: 0104746
 Order Date: 11/25/2015

Bill To: 0005753
 CITY OF MOLINE
 3635 4TH AVE
 MOLINE, IL 61265

Ship To:
 CITY OF MOLINE
 3635 4TH AVE
 MOLINE, IL 61265

Phone: (309) 524-2400 Fax: (309) 524-2389

Phone:
 Fax:

Confirm To: JD SCHULTE

Comment:

Customer P.O.	Ship VIA	F.O.B.	Terms Credit Card	Quote Expiration 11/25/2015
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Ordered	Unit	Item Number	Price	Amount
7.0000	EACH	TRUCK PACKAGE	28,513.00	199,591.00

APPLICATION: SEVEN NEW FORD F-650 "CNG" CAB AND CHASSIS TRUCKS

PACKAGE TO INCLUDED "FORCE AMERICA" CENTRAL HYDRAULIC SYSTEM
 SUPPLIED AND INSTALLED PER SPECS.

CENTRAL HYDRAULIC SYSTEM:

- 1- CRANKSHAFT DRIVEN "LOAD SENSE" HYDRAULIC PUMP
- 1- 12V HYD. PUMP SHUT OFF SYSTEM WHICH INCLUDES A LOW OIL / HIGH TEMP SENSOR , WARNING LIGHT AND OVERRIDE SWITCH
- 1- ADD-A-FOLD HYD. VALVE TO OPERATE HOOK, JIB, PLOW LIFT, PLOW ANGLE, PRE-WET, AUGER AND SPINNER--AUGER TO BE REVERSIBLE
- 1- INTERGRATED PLOW FLOAT
- 1- "FORCE" C11916 PRESSURE RELEASE CUSHION VALVE
- 1- HIGH PRESSURE FILTER
- 1- "FORCE" VT-35 STAINLESS HYD. TANK / HYD. VALVE ENCLOSURE
- 1- "FORCE" MPJC-5100EX-3-ULTRA CONTROL ARM
- 1- CUSTOM 5100EX CONTROL ARM FLOOR MOUNT BASE
- 1- "ROADWATCH" RW-SS TEMP SENSOR KIT
- 1- AUGER FEEDBACK SENSOR KIT
- 1- ALL REQUIRED PLUMBING AND ELECTRICAL WIRING

GPS SYSTEM:

- 1- "PRECISE" IX403-H KIT
- 1- FRONT PLOW TILT SWITCH

OPTION:# 1 ADD \$ 2046.00 PER TRUCK \$14322.00 TOTAL PACKAGE

- 1- INSTALL "FORCE" VT-45 HYD. TANK / ENCLOSURE IN PLACE OF "FORCE" VT-35



1385 Franklin Grove Rd
 Dixon, IL 61021
 815-284-3819 * 815-284-8815 Fax
 800-851-9664
 www.bonnell.com * info@bonnell.com

Quote

Order Number: 0104746
 Order Date: 11/25/2015

Bill To: 0005753
 CITY OF MOLINE
 3635 4TH AVE
 MOLINE, IL 61265

Ship To:
 CITY OF MOLINE
 3635 4TH AVE
 MOLINE, IL 61265

Phone: (309) 524-2400 Fax: (309) 524-2389

Phone:
 Fax:

Confirm To: JD SCHULTE

Comment:

Customer P.O.	Ship VIA	F.O.B.	Terms	Quote Expiration
			Credit Card	11/25/2015
Ordered	Unit	Item Number	Price	Amount

15% RESTOCKING FEE ON RETURNED ITEMS
NO RETURN ON SPECIAL ORDER ITEMS OR ELECTRICAL ITEMS

SUBMITTED BY: _____

0005 Kendall Blumeyer TG

NOTE: ALL TAXES WILL BE EXTRA IF APPLICABLE.
 NOTE: PRICES ARE IN EFFECT FOR 30 DAYS ONLY. IF A PRICE INCREASE OCCURS - IT WILL BE ADDED.

NOTE: BIDS MAY REQUIRE A 20% DEPOSIT UPON PURCHASE
 NOTE: INSTALL DATE IS BASED ON CHASSIS ARRIVAL DATE.

ACCEPTED BY: _____

**BILL TO: _____

PO Number: _____

DATE ACCEPTED: _____

CHASSIS ARRIVAL DATE: _____

Net Order:	199,591.00
Less Discount:	0.00
Freight:	0.00
Sales Tax:	0.00
Quote Total:	199,591.00

VIN# _____

MAKE: _____

MODEL: _____

W.B. _____ C.A.: _____



FLEET SERVICES
(309) 524-2380

3635 4th Avenue
Moline, Illinois
61265
email: jschulte@moline.il.us
Fax # 309-797-1858

To: Mike Waldron, Public Works Director
Kathy Carr, Finance Director

From: J.D. Schulte, Fleet Manager

Subject: Sole Source Procurement for Central Hydraulic Systems

Date: November 17, 2015

Chapter 27, Section 27-3105 of the Moline Code of Ordinances provides that the appropriate purchasing official may determine, after a good faith review, that there is only one source for the required item and the contract may be awarded without competition.

Chapter 27, Section 27-4101 (4) provides the use of a brand name or equal specification when it is in the City's best interest.

The Fleet Services Division previously purchased seven trucks that will have central hydraulic systems installed to be used as snow patrol trucks to replace current units in the fleet. The hydraulic accessories on the trucks will be reused from our current fleet of trucks and be operated by these new hydraulic systems. The brand of hydraulic system used in all City of Moline plow and utility trucks purchased since 2008 is a central hydraulic system that is designed and engineered by Force America Hydraulics in Shorewood Illinois.

Force America has local sales and service and the current vender companies that work with the City of Moline, can sell and service Force America Hydraulic Systems. The non-specialized parts and equipment in their systems can be purchased locally and off the shelf. This reduces downtime and lowers the cost of maintenance. They also answer their technical support line 24 hours per day and provide preseason assistance for adjusting pound-per-mile rates for salt spreading.

Fleet Services is recommending that the budgeted central hydraulic systems be provided by Force America Hydraulics in Shorewood Illinois as a Sole Source Procurement in accordance with Chapter 27, Section 27-3105 and Section 27-4101 of the Moline Code of Ordinances.

Additional documentation is attached.

**REQUEST FOR PROPOSAL FOR THREE (3) 2016 FORD F150 TRUCKS
FOR THE CITY OF MOLINE PUBLIC WORKS
DEPARTMENT FLEET SERVICES DIVISION**

The proposal for these units must conform to all Federal Department of Transportation rules and regulations as published at the time of this proposal and shall meet the applicable requirements of the National Fire Protection Association (NFPA) for CNG systems as stated in current edition at time of contract execution.

Total cost for one (1) unit FOB Moline: \$ 39,592.00
Total cost for all units FOB Moline: 3- \$ 118,776.00
Total cost for Municipal License, Title and Fees for both units: \$ INCLUDED
Delivery date: Per FORD MANUFACTURER + MANUFACTURER UPRZ
FULLY EST. IS FEB. 2016

The undersigned certified that he/she is a representative of the company shown below and as such representative is authorized to submit this proposal on their behalf.

Federal Tax Identification Number: 42-1030854

Company: COURTESY FORD TRUCKS

Address: 3921 W. RIVER DR

City/State/Zip: DUNWORTH, IA 52802

Telephone Number: (563) 326-4011 Fax Number: (563) 326-3912

Authorized Signature: *Dale Z...*

Name/Title: DALE Z... / VICE PRESIDENT

Date: _____



FLEET SERVICES
(309) 736-5753

3635 4th Avenue
Moline, Illinois
61265
email: jschulte@moline.il.us
Fax # 309-797-1858

To: Mike Waldron, Public Works Director
Kathy Carr, Finance Director

From: J.D. Schulte, Fleet Manager

Subject: Sole Source Procurement for CNG Systems

Date: November 17, 2015

Chapter 27, Section 27-3105 of the Moline Code of Ordinances provides that the appropriate purchasing official may determine, after a good faith review, that there is only one source for the required item and the contract may be awarded without competition.

Chapter 27, Section 27-4101 (4) provides the use of a brand name or equal specification when it is in the City's best interest.

The Fleet Services Division has budgeted to replace five additional light duty vehicles with compressed natural gas (CNG) systems in the 2015 and 2016 budgets. The engines being specified will operate on CNG and the systems will be installed by one of Ford Motor Company's Quality Vehicle Modifiers (QVM). This provides for warranty coverage from Ford for the entire vehicle from bumper to bumper. We currently have 14 units in the fleet that have been purchased under this OEM program.

Venchurs Vehicle Systems is a Ford QVM for CNG system installations and has provided the Ford CNG systems that we currently have in the Fleet. We have only had one warranty claim during the time they have been in service and payment was received in less than two weeks. They use parts and equipment that can be purchased locally and off the shelf items that reduce downtime and lower the cost of maintenance. They also answer their technical support line 24 hours per day.

Fleet Services is recommending that the budgeted Ford CNG systems be provided by Venchurs Vehicle Systems, their QVM in Adrian, Michigan as a Sole Source Procurement in accordance with Chapter 27, Section 27-3105 and Section 27-4101 of the Moline Code of Ordinances.

Additional documentation is attached.

	A	B	C	D	E	F	G
1	Lifecycle Cost Analysis F150 Gas versus CNG						
2	Universal Variable Data			Derived Values		FORMULA/SOURCE:	
3	Target Months in Service:	120	Actual Months:	120	Actual Months in Service given the Maximum Replacement Mileage and Mileage-per-Month		
4	Target Replacement Mileage:	100,000	Actual Mileage:	99,960	Actual Miles at Replacement given the Maximum Service Months and Mileage-per-Month		
5	Expected Mileage-per-Month:	833	Daily Mileage:	27.4	Expected Average Miles-per-Month driven; Average Daily Miles driven given the Mileage-per-Month entered		
6	Annual Interest Rate:	1.10%	Monthly Interest:	0.092%	Annual Interest Rate/12-months		
9	Book Depreciation Rate:	1.67%			Rate currently used by Fleet Services		
10	Gasoline Fuel Cost-per-Gallon:	\$ 1.80			Average price of fuel per gallon for gasoline		
11	CNG Fuel Cost-per-Gallon:	\$ 0.77			Average price of fuel per gallon for Compressed Natural Gas (CNG)		
12	Estimated Personal Use:	0%			Percentage of personal use for which the employee reimburses the City		
14							
15		Gas Engine	CNG Engine		Models being analyzed		
16	Acquisition Cost						
17	Factory Invoice Price	\$ 29,692.00	\$ 39,592.00		Price quoted by dealer		
19	AFV Rebate Illinois EPA	\$ -	\$ -		Illinois EPA Green Fleet Rebate for alternative vehicle purchase		
22	Net Acquisition Cost	\$ 29,692.00	\$ 39,592.00	\$ -	Invoice Price - Fleet Incentives		
23	Fixed Costs						
24	Effective Depreciation	\$ 25,692.00	\$ 35,192.00		Net Acquisition Cost - Projected Resale Price		
25	<i>Projected Resale Price</i>	\$ 4,000.00	\$ 4,400.00		Value anticipated from historic comparisons		
28	Cost of Money	\$ 893.99	\$ 1,192.06	\$ -	Cost of Money not invested for rate of return. (Year 1 interest + Year 2 interest + Year 3 interest + Year 4 interest + Year 5 interest)		
29	<i>Year 1</i>	\$ 296.61	\$ 395.51	\$ -	(Net Vehicle Cost * Year 1 Interest Factor) * Year 1 Total Months		
30	<i>Year 2</i>	\$ 231.16	\$ 308.23	\$ -	(Net Vehicle Cost * Year 2 Interest Factor) * Year 2 Total Months		
31	<i>Year 3</i>	\$ 165.71	\$ 220.96	\$ -	(Net Vehicle Cost * Year 3 Interest Factor) * Year 3 Total Months		
32	<i>Year 4</i>	\$ 100.25	\$ 133.68	\$ -	(Net Vehicle Cost * Year 4 Interest Factor) * Year 4 Total Months		
33	<i>Year 5</i>	\$ 100.25	\$ 133.68	\$ -	(Net Vehicle Cost * Year 5 Interest Factor) * Year 5 Total Months		
37	<i>Delivery Days</i>	180	180		Calendar days for guaranteed delivery		
40	Total Fixed Cost:	\$ 26,585.99	\$ 36,384.06	\$ -	Actual Depreciation + Interest + Build Time Delay Cost		
41	Operating Costs						
42	Total Fuel Cost	\$ 13,840.62	\$ 5,131.28		(Actual Miles/Estimated Miles-per-Gallon) * Fuel Cost-per-Gallon		
43	<i>Estimated Miles-per-Gallon</i>	13	15		Value from actual experience		
44	Total Maintenance Cost	\$ 14,994.00	\$ 9,996.00		Actual Mileage * Estimated Maintenance Cost-per-Mile		
45	<i>Estimated Maintenance Cost-per-Mile</i>	\$ 0.1500	\$ 0.1000		Value from actual experience (Insurance, license, maintenance, etc...)		
46	Total Operating Cost:	\$ 28,834.62	\$ 15,127.28	\$ -	Total Fuel Cost + Total Maintenance Cost		
47	Personal Use Costs						
48	Fixed Cost for Personal Use	\$ -	\$ -	\$ -	Total Fixed Cost * Estimated Personal Use		
49	Operating Cost for Personal Use	\$ -	\$ -	\$ -	Total Operating Cost * Estimated Personal Use		
50	Total Personal Use Cost	\$ -	\$ -	\$ -	Fixed Cost for Personal Use + Operating Cost for Personal Use (amount to be reimbursed to City by employee)		
51							
52	Total Lifecycle Cost:	\$ 55,420.60	\$ 51,511.34	\$ -	Total Fixed Cost + Total Operating Cost - Total Personal Use Cost		
53	Lifecycle Cost-per-Mile:	\$ 0.5544	\$ 0.5153	\$ -	Total Lifecycle Cost / Actual Miles		
54							

**REQUEST FOR PROPOSAL FOR TWO (2) 2016 FORD TRANSIT VANS
FOR THE CITY OF MOLINE PUBLIC WORKS
DEPARTMENT FLEET SERVICES DIVISION**

The proposal for these units must conform to all Federal Department of Transportation rules and regulations as published at the time of this proposal and shall meet the applicable requirements of the National Fire Protection Association (NFPA) for CNG systems as stated in current edition at time of contract execution.

Total cost for one (1) unit FOB Moline:	\$ <u>34,125.68</u>
Total cost for both units FOB Moline:	\$ <u>68,251.36</u>
Total cost for Municipal License, Title and Fees for both units:	\$ <u>210.00</u>
Delivery date:	<u>90-120 DAYS APPROX.</u>

The undersigned certified that he/she is a representative of the company shown below and as such representative is authorized to submit this proposal on their behalf.

Federal Tax Identification Number: 36-1681700
Company: REYNOLDS MOTOR COMPANY
Address: 1900 AVE OF THE CITIES
City/State/Zip: EAST MOLINE, IL 61244
Telephone Number: 309-792-9530 Fax Number: 309-792-3673
Authorized Signature: Barbara E Wright
Name/Title: BARBARA E. WRIGHT
Date: 11-27-15



To: Mike Waldron, Public Works Director
Kathy Carr, Finance Director

From: J.D. Schulte, Fleet Manager

Subject: Sole Source Procurement for CNG Systems

Date: November 17, 2015

Chapter 27, Section 27-3105 of the Moline Code of Ordinances provides that the appropriate purchasing official may determine, after a good faith review, that there is only one source for the required item and the contract may be awarded without competition.

Chapter 27, Section 27-4101 (4) provides the use of a brand name or equal specification when it is in the City's best interest.

The Fleet Services Division has budgeted to replace five additional light duty vehicles with compressed natural gas (CNG) systems in the 2015 and 2016 budgets. The engines being specified will operate on CNG and the systems will be installed by one of Ford Motor Company's Quality Vehicle Modifiers (QVM). This provides for warranty coverage from Ford for the entire vehicle from bumper to bumper. We currently have 14 units in the fleet that have been purchased under this OEM program.

Venchurs Vehicle Systems is a Ford QVM for CNG system installations and has provided the Ford CNG systems that we currently have in the Fleet. We have only had one warranty claim during the time they have been in service and payment was received in less than two weeks. They use parts and equipment that can be purchased locally and off the shelf items that reduce downtime and lower the cost of maintenance. They also answer their technical support line 24 hours per day.

Fleet Services is recommending that the budgeted Ford CNG systems be provided by Venchurs Vehicle Systems, their QVM in Adrian, Michigan as a Sole Source Procurement in accordance with Chapter 27, Section 27-3105 and Section 27-4101 of the Moline Code of Ordinances.

Additional documentation is attached.

FLEET SERVICES
(309) 736-5753

3635 4th Avenue
Moline, Illinois
61265
email: jschulte@moline.il.us
Fax # 309-797-1858

	A	B	C	D	E	F	G
1	Lifecycle Cost Analysis Transit Gas versus CNG						
2	Universal Variable Data			Derived Values		FORMULA/SOURCE:	
3	Target Months in Service:	96	Actual Months:	94	Actual Months in Service given the Maximum Replacement Mileage and Mileage-per-Month		
4	Target Replacement Mileage:	160,000	Actual Mileage:	160,000	Actual Miles at Replacement given the Maximum Service Months and Mileage-per-Month		
5	Expected Mileage-per-Month:	1,700	Daily Mileage:	55.9	Expected Average Miles-per-Month driven; Average Daily Miles driven given the Mileage-per-Month entered		
6	Annual Interest Rate:	1.10%	Monthly Interest:	0.092%	Annual Interest Rate/12-months		
9	Book Depreciation Rate:	1.67%			Rate currently used by Fleet Services		
10	Gasoline Fuel Cost-per-Gallon:	\$ 1.80			Average price of fuel per gallon for gasoline		
11	CNG Fuel Cost-per-Gallon:	\$ 0.77			Average price of fuel per gallon for Compressed Natural Gas (CNG)		
12	Estimated Personal Use:	0%			Percentage of personal use for which the employee reimburses the City		
14							
15		Gas Engine	CNG Engine		Models being analyzed		
16	Acquisition Cost						
17	Factory Invoice Price	\$ 23,699.00	\$ 34,125.00		Price quoted by dealer		
19	AFV Rebate Illinois EPA	\$ -	\$ -		Illinois EPA Green Fleet Rebate for alternative vehicle purchase		
22	Net Acquisition Cost	\$ 23,699.00	\$ 34,125.00	\$ -	Invoice Price - Fleet Incentives		
23	Fixed Costs						
24	Effective Depreciation	\$ 20,874.00	\$ 30,325.00		Net Acquisition Cost - Projected Resale Price		
25	<i>Projected Resale Price</i>	\$ 2,825.00	\$ 3,800.00		Value anticipated from historic comparisons		
28	Cost of Money	\$ 713.54	\$ 1,027.46	\$ -	Cost of Money not invested for rate of return. (Year 1 interest + Year 2 interest + Year 3 interest + Year 4 interest + Year 5 interest)		
29	<i>Year 1</i>	\$ 236.74	\$ 340.90	\$ -	(Net Vehicle Cost * Year 1 Interest Factor) * Year 1 Total Months		
30	<i>Year 2</i>	\$ 184.50	\$ 265.67	\$ -	(Net Vehicle Cost * Year 2 Interest Factor) * Year 2 Total Months		
31	<i>Year 3</i>	\$ 132.26	\$ 190.45	\$ -	(Net Vehicle Cost * Year 3 Interest Factor) * Year 3 Total Months		
32	<i>Year 4</i>	\$ 80.02	\$ 115.22	\$ -	(Net Vehicle Cost * Year 4 Interest Factor) * Year 4 Total Months		
33	<i>Year 5</i>	\$ 80.02	\$ 115.22	\$ -	(Net Vehicle Cost * Year 5 Interest Factor) * Year 5 Total Months		
37	<i>Delivery Days</i>	180	180		Calendar days for guaranteed delivery		
40	Total Fixed Cost:	\$ 21,587.54	\$ 31,352.46	\$ -	Actual Depreciation + Interest + Build Time Delay Cost		
41	Operating Costs						
42	Total Fuel Cost	\$ 19,200.00	\$ 7,700.00		(Actual Miles/Estimated Miles-per-Gallon) * Fuel Cost-per-Gallon		
43	<i>Estimated Miles-per-Gallon</i>	15	16		Value from actual experience		
44	Total Maintenance Cost	\$ 24,000.00	\$ 16,000.00		Actual Mileage * Estimated Maintenance Cost-per-Mile		
45	<i>Estimated Maintenance Cost-per-Mile</i>	\$ 0.1500	\$ 0.1000		Value from actual experience (Insurance, license, maintenance, etc...)		
46	Total Operating Cost:	\$ 43,200.00	\$ 23,700.00	\$ -	Total Fuel Cost + Total Maintenance Cost		
47	Personal Use Costs						
48	Fixed Cost for Personal Use	\$ -	\$ -	\$ -	Total Fixed Cost * Estimated Personal Use		
49	Operating Cost for Personal Use	\$ -	\$ -	\$ -	Total Operating Cost * Estimated Personal Use		
50	Total Personal Use Cost	\$ -	\$ -	\$ -	Fixed Cost for Personal Use + Operating Cost for Personal Use (amount to be reimbursed to City by employee)		
51							
52	Total Lifecycle Cost:	\$ 64,787.54	\$ 55,052.46	\$ -	Total Fixed Cost + Total Operating Cost - Total Personal Use Cost		
53	Lifecycle Cost-per-Mile:	\$ 0.4049	\$ 0.3441	\$ -	Total Lifecycle Cost / Actual Miles		
54							

Addendum to Administrative Service Agreement

Between Midwest Group Benefits and the City of Moline

Effective January 1, 2016

Administrative Fees

Dental and Vision

\$250.00 Annual Compliance Fee

\$3.00 per participant per month

\$20.00 monthly reconciliation fee

Flexible Benefit Plan

\$500.00 Annual Compliance Fee

\$5.00 per participant per month

Signature
City of Moline



Signature
Midwest Group Benefits, Inc.

Date



Date

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement ("Agreement") between United HealthCare Services, Inc. ("United" in this Agreement) and City of Moline ("Customer" in this Agreement) is effective January 1, 2016 ("Effective Date"). This Agreement covers the services United is providing to Customer, either directly or in conjunction with one of United's affiliates, for use with Customer's Self-Funded employee benefit plan.

United HealthCare Services, Inc. identifies this arrangement as Contract No.: 902438

By signing below, each party agrees to the terms of this Agreement.

United HealthCare Services, Inc.

185 Asylum Street
Hartford, CT 06103-3408

By: Cynthia D. Marlin

Authorized Signature

Print Name: Cynthia D. Marlin

Print Title: Regional Contract
manager

Date: 12-1-2015

City of Moline

619 16th Street
Moline, IL 61265

By: _____

Authorized Signature

Print Name: _____

Print Title: _____

Date: _____

Attest:

City Clerk

Approved as to Form:

City Attorney

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Section 1 – Definitions

When these terms are capitalized in the Agreement they have the meanings set forth below. The words may be singular or plural.

Agreement Period: The initial Agreement Period is a period of 12 months commencing on the Effective Date. Subsequent Agreement Periods automatically continue for additional 12-month periods until the Agreement is terminated.

Bank: Bank of America, Hartford, Connecticut.

Bank Account: Benefits Demand Deposit Bank Account maintained for the payment of Plan benefits, expenses, and fees.

Employee: A current or former employee of Customer or its affiliated employer as described in Section 2.4.

IRC: The United States Internal Revenue Code of 1986, as amended from time to time.

Network: The group of Network Providers United makes available to the Plan who have entered into or are governed by contractual arrangements under which they agree to provide health care services to Participants and accept negotiated fees for these services.

Network Pharmacy: A pharmacy, including a specialty pharmacy and mail order pharmacy which has entered into or is governed by a contractual arrangement with United under which the pharmacy agrees to provide prescription drug services to Participants.

Network Provider: The physician, or medical professional or facility which participates in a Network. A provider is only a Network Provider if they are participating in a Network at the time services are rendered to the Plan Participant.

Overpayments: Payments that exceed the amount payable under the Plan. This term does not include overpayments caused by untimely or inaccurate eligibility information.

Participant: Employee or dependent who is covered by the Plan.

PHI: Any information United receives or provides on behalf of the Plan which is considered Protected Health Information as the term is defined in the privacy regulations of the Health Insurance Portability and Accountability Act of 1996.

Plan: The plan to which this Agreement applies, but only with respect to those provisions of the plan relating to the Self-Funded health benefits United is administering, as described in the Summary Plan Description.

Plan Administrator: The current or succeeding person, committee, partnership, or other entity designated the Plan Administrator who is generally responsible for the Plan's operation.

Proprietary Business Information: Nonpublic information, trade secrets, and other data including, but not limited to, sales and marketing information, management systems, strategic plans and other information about the disclosing party's business, industry, products and services, plans, specifications, operation methods, pricing, costs, techniques, manuals, know-how and other intellectual property, in written, oral or other tangible form, provided by one party to another or its representative; and all information, documents, technology, products, and services containing or derived from Proprietary Business Information which was or may have been transmitted, given or made available to or viewed by one party or another in the course of the receiving party's relationship. United's Proprietary Business Information shall include, but not be limited to, discounts and other financial provisions related to United's Network of healthcare providers and claims data from which those financial provisions can be derived and financial provisions related to prescription drug products covered under the medical benefit, the Prescription Drug List, reimbursement rates, compensation arrangements, and all other financial provisions related to the pharmacy benefits contained in this Agreement. While the Prescription Drug List is considered United's Proprietary Business Information, it may be disclosed in the limited circumstances outlined in this Agreement. This information is collectively known as "United's Financial PBI".

Rebates: All rebates, discounts or other financial incentives (whether access, base, Prescription Drug List (PDL), incentive, market share, volume, or other), and administrative fees which United receives directly or indirectly from

a pharmaceutical manufacturer and which are obtained in connection with prescription drug products dispensed to Participants under the Plan's pharmacy benefit or the medical benefit. Rebates do not include any purchasing discounts, provided that United obtains the same Rebates for prescription drugs regardless of where the prescription is dispensed. Rebates to customers are administered and paid under the medical benefit plan or pharmacy benefit plan as outlined in this Agreement.

Self-Fund or Self-Funded: Means that Customer, on behalf of the Plan, has the sole responsibility to pay, and provide funds, to pay for all Plan benefits. United has no liability or responsibility to provide these funds. This is true even if United or its affiliates provides stop loss insurance to Customer.

Summary Plan Description or SPD: The document(s) Customer provides to Plan Participants describing the terms and conditions of coverage offered under the Plan.

Systems: Means the systems United owns or makes available to Customer to facilitate the transfer of information in connection with this Agreement.

Tax or Taxes: A charge imposed, assessed or levied by any federal, state, local or other governmental entity.

Urgent Care Claims: A claim for medical services and supplies which meets ERISA's definition of Urgent Care Claim.

Section 2 – Employee Benefit Plan: Customer Responsibilities

Section 2.1 Responsibility for the Plan. United is not the Plan Administrator of the Plan. Any references in this Agreement to United "administering the Plan" are descriptive only and do not confer upon United anything beyond certain agreed upon claim administration duties. Except to the extent this Agreement specifically requires United to have the fiduciary responsibility for a Plan administrative function, Customer accepts total responsibility for the Plan for purposes of this Agreement including its benefit design, the legal sufficiency and distribution of SPDs, and compliance with any laws that apply to Customer or the Plan, whether or not Customer or someone Customer designates is the Plan Administrator.

Section 2.2 Plan Consistent with the Agreement. Customer represents that Plan documents, including the Summary Plan Description as described in Exhibit A - Services, are consistent with this Agreement. Nevertheless, before distributing any communications describing Plan benefits or provisions to Participants or third parties, Customer will provide United with copies of the Summary Plan Description and Employee communications which refer to United or United's services prior to distributing these materials to Employees or third parties. Customer will amend them if United reasonably determines that references to United are not accurate, or any Plan provision is not consistent with this Agreement or the services that United is providing.

Section 2.3 Plan Changes. Customer must provide United with notice of any changes to the Plan and/or Summary Plan Description within a reasonable period of time prior to the effective date of the change to allow United to determine if such change will alter the services United provides under this Agreement. Any change in the services to be provided by United under this Agreement which would be caused by any aforementioned changes must be mutually agreed to in writing prior to implementation of such change. United will notify Customer if (i) the change increases United's cost of providing services under this Agreement or (ii) United is reasonably unable to implement or administer the change. If the parties cannot agree to a new fee within (30) thirty days of the notice of the new fee or if United notifies Customer that United is unable to reasonably implement or administer the change, United shall have no obligation to implement or administer the change, and Customer may terminate this Agreement upon (60) sixty days written notice.

Section 2.4 Affiliated Employers. Customer represents that together Customer and any of its affiliates covered under the Plan make up a single “controlled group” as defined by the IRC. Customer agrees to provide United with a list of Customer’s affiliates covered under the Plan upon request.

Section 3 – Customer Other Responsibilities

Section 3.1 Information Customer Provides to United. Customer will tell United which of Customer’s Employees, their dependents and/or other persons are Participants. This information must be accurate and provided to United in a timely manner. United will accept eligibility data from Customer in the format described in Exhibit A - Services. Customer will notify United of any change to this information as soon as reasonably possible.

United will be entitled to rely on the most current information in United’s possession regarding eligibility of Participants in paying Plan benefits and providing other services under this Agreement. United will not be required to make retroactive eligibility changes, process or reprocess claims, but if United agrees to do so, additional fees may apply.

Customer agrees to provide United (or cause Customer’s vendor to provide United), in a timely manner with all information that United reasonably requires to provide Customer’s Participants with disease management services as described in accordance with Exhibit A - Services and United’s program guidelines. United shall be entitled to rely on the information that is provided to United in connection with United’s provision of disease management services to Customer’s Participants.

Section 3.2 Notices to Participants. Customer will give Participants the information and documents they need to obtain benefits under the Plan within a reasonable period of time before coverage begins. In the event this Agreement is discontinued, Customer will notify all Participants that the services United is providing under this Agreement are discontinued.

Section 3.3 Escheat. Customer is solely responsible for complying with all applicable abandoned property or escheat laws, making any required payments, and filing any required reports.

Section 4 – Services Provisions

Section 4.1 Administrative Services. United will provide the administrative services described in Exhibit A – Services.

Section 4.2 Network Access, Management and Administration. United will provide access to Networks and Network Providers, as well as related administrative services including physician (and other health care professional) relations, clinical profiling, contracting and credentialing, and network analysis and system development. The make-up of the Network can change at any time. Notice will be given in advance or as soon as reasonably possible.

United generally does not employ Network Providers and they are not United’s agents or partners, although certain Network Providers are affiliated with United. Otherwise, Network Providers participate in Networks only as independent contractors. Network Providers and the Participants are solely responsible for any health care services rendered to Participants. United is not responsible for the medical outcomes or the quality or competence of any provider or facility rendering services, including Network Pharmacies and services provided through United’s affiliates’ networks, or the payment for services rendered by the provider or facility.

Value Based Contracting Program.

United’s contracts with some Network Providers may include withholds, incentives, and/or additional payments that may be earned, conditioned on meeting standards relating to utilization, quality of care, efficiency measures, compliance with United’s other policies or initiatives, or other clinical integration or practice transformation standards. Customer shall fund these payments due the Network Providers as soon as United makes the determination the Network Provider is entitled to receive the payment under the Network Provider’s contract, either upfront or after the standard has been met. For upfront funding, if United makes the determination that the Network Provider failed to meet a standard, United will return to Customer the applicable amount. United shall provide Customer reports describing the amount of payments made on behalf of Customer’s Plan.

Only the initial claims based reimbursement to Network Providers will be subject to the Participant's copayment, coinsurance or deductible requirements. Customer will pay the Network Provider the full amount earned or attributable to its Participants, without a reduction for copayments or deductibles and agree that there will be no impact from these payments on the calculation of the Participant's satisfaction of their annual deductible amount.

Section 4.3 Claim Recovery Services. United will provide recovery services for Overpayments, but United will not be responsible for recovery costs except as otherwise stated in this section. United will be responsible for recovery costs and reimbursement of any unrecovered Overpayment only to the extent the Overpayment was due to United's gross negligence.

In some instances, United may be able to obtain Overpayment recoveries by applying (or offsetting) the Overpayment against future payments to the provider made by United. In effectuating Overpayment recoveries through offset, United will follow its established Overpayment recovery rules which include, among other things, the prioritization of Overpayment credits based on the age of the Overpayment in United's system and funding type. In United's application of Overpayment recovery through offset, timing differences may arise in the processing of claims payments, disbursement of provider checks, and the recovery of Overpayments. As a result, the Plan may in some instances receive the benefit of an Overpayment recovery before United actually receives the funds from the provider. Conversely, United may receive the funds before the Plan receives the credit for the Overpayment. It is hereby understood that the parties may retain any interest that accrues as a result of these timing differences. Details associated with Overpayment recoveries made through offset will be identified in the monthly reconciliation report provided to the designated representative for Customer's Plan.

United will also provide services to recover Plan benefits that were paid and are recoverable by the Plan because payment was or should have been made by a third party for the same medical expense (other than in connection with coordination of benefits, Medicare, or other Overpayments). This is referred to as "Third Party Liability Recovery" (or "subrogation"). Customer will not engage any entity except United to provide the services described herein without United's prior approval.

Customer will be charged fees when any of the services described herein are provided by United through a subcontractor or affiliate. The fees are deducted from the actual recoveries. Customer will be credited with the net amount of the recovery.

Customer delegates to United the discretion and authority to develop and use standards and procedures for any recovery, including but not limited to, whether or not to seek recovery, what steps to take if United decides to seek recovery, and the circumstances under which a claim may be compromised or settled for less than the full amount of the claim. Customer acknowledges that use of United's standards and procedures may not result in full or partial recovery for any particular case. United will not pursue any recovery if it is not permitted by any applicable law, or if recovery would be impractical. United may initiate litigation to recover payments, but United has no obligation to do so. If United initiates litigation, Customer will cooperate with United in the litigation.

If this Agreement terminates, or, if United's recovery services terminate, United can continue to recover any payments United is in the process of recovering. The appropriate fees will continue to be deducted from the actual recovery, when and if a recovery is obtained.

Section 4.4 Abuse and Fraud Management. United or its affiliate will provide services related to the detection, prevention, and recovery of abusive and fraudulent claims.

United's Abuse and Fraud Management processes will be based upon United's proprietary and confidential procedures, modes of analysis and investigations.

United will use these procedures and standards in delivering Abuse and Fraud Management services to Customer and United's other customers. These procedures and standards include, but are not limited to: whether or not to seek recovery, what steps to take if United decides to seek recovery, and under what circumstances to compromise a claim or settle for less than the full amount.

Customer delegates to United the discretion and authority to use such procedures and standards, including the authority to undertake actions, including legal actions, which have the largest impact for the largest number of customers.

Customer acknowledges that the use of these procedures and standards may not result in full or partial recovery or in full recovery for any particular case. United does not guarantee or warranty any particular level of prevention,

detection, or recovery. United agrees to perform Abuse and Fraud Management services pursuant to the industry standards for such services. If this Agreement terminates, or if United's claim recovery services terminate, United can elect to continue fraud and abuse recoveries that are in progress, and the fees will continue to apply.

Section 4.5 Medical Benefit Drug Rebate Payments. From time to time, United or a subcontractor may negotiate with drug manufacturers regarding the payment of medical benefit Rebates on applicable prescription drug products dispensed to Participants under the Plan's medical benefit. Customer will receive 80% of the medical benefit Rebates United receives. United will retain the balance of such medical benefit Rebates as part of United's compensation.

When United negotiates directly with drug manufacturers for the payment of medical benefit Rebates to United, United will pay Customer the agreed upon Rebates within thirty (30) calendar days of United's receipt of such Rebates from the drug manufacturer. If United is not able to make payment to Customer within thirty (30) calendar days, United will pay interest on such Rebates from the date of receipt until United makes payment to Customer, less approximately thirty (30) days for processing. United will retain interest earned during this processing timeframe. United will pay medical benefit Rebates to Customer in the agreed upon amount no less than annually. Interest will be paid at the one month London Interbank Offered Rate (LIBOR) in effect on the first business day of each applicable month.

Customer will only receive Customer's medical benefit Rebates to the extent that medical benefit Rebates are actually received by United. Thus, for example, if a government action or a major change in pharmaceutical industry practices prevents United from receiving medical benefit Rebates, the amount Customer receives may be reduced or eliminated.

Customer agrees that during the term of this Agreement, neither Customer nor the Plan will negotiate or arrange or contract in any way for medical benefit Rebates on or the purchase of prescription drug products from any manufacturer under the Plan's medical benefit. If Customer or the Plan does, United may, without limiting United's right to other remedies, immediately terminate Customer's and Plan's entitlement to medical benefit Rebates (including forfeiture of any medical benefit Rebates earned but not paid). In addition, Customer agrees to reasonably cooperate with United in order to obtain medical benefit Rebates.

Subcontractor Compensation: If a subcontractor is involved in negotiating with drug manufacturers regarding the payment of medical benefit Rebates, it may retain a portion of the gross amounts received from drug manufacturers in connection with such products. United will provide information on the amount, if any, retained by the subcontractor as compensation for its services, in advance of Customer's execution of this Agreement. In addition, United will provide Customer with thirty (30) days advance notice of any material increase in or method for subcontractor compensation. If at any time Customer does not find the subcontractor compensation acceptable, Customer may terminate the medical benefit Rebates services after thirty (30) days advance written notice to United.

Section 4.6 Pharmacy Benefit Services. United or its Affiliate will provide the Pharmacy Benefit Services described in this Section 4.6. United will make Network Pharmacies available to Customer's Participants, through United's affiliate. United will determine which pharmacies are Network Pharmacies. Network Pharmacies can change at any time. United will make a reasonable effort to provide Customer with advance notice if any material changes occur to the network. Upon request, United will provide Customer information on the reimbursement rate to United's affiliated Network Pharmacies.

Mail Order Pharmacy Services. United will provide, through its affiliate mail order pharmacy, services for Customer's Participants. Customer's pricing terms for mail order pharmacy services are based on package sizes of 100 units, 16 ounce quantities or the next closest quantity available and at least a 46 day supply. Prescriptions filled through the mail order pharmacy that are less than a 46 day supply will be processed at retail pricing and will be counted with retail utilization. United will retain the difference between the package size of 100 units or 16 ounces and the actual manufacturer's package size which the mail order pharmacy's price is based on.

Prescription Drug List (PDL) Customer has adopted one or more of United's PDLs for use with Customer's benefit plans. Customer agrees not to copy, distribute, sell, or otherwise provide the PDL to another party without United's prior written approval, except to Participants as described below. On termination of this Agreement or if Customer terminates the Pharmacy Benefit Services portion of this Agreement, Customer will stop all use of the PDL.

While Customer is the ultimate decision-maker on selecting the design of Customer's PDL(s), Customer has requested that United supply, and United has assisted Customer with, certain PDL development and management functions including but not limited to drug tiering decisions. United's intent is to provide Customer with the same PDL and management strategies that United develops and employ in the management of United's fully insured business. United makes the final classification of an FDA-approved prescription drug product to a certain tier of the PDL by considering a number of factors including, but not limited to, clinical and economic factors. Clinical factors may include, but are not limited to, evaluations of the place in therapy, relative safety or relative efficacy of the prescription drug product, as well as whether supply limits or notification requirements should apply. Economic factors may include, but are not limited to, the prescription drug product's acquisition cost including, but not limited to, available Rebates and assessments on the cost effectiveness of the prescription drug product.

United may periodically down-tier the placement of a prescription drug product among the tiers. These changes may occur without prior notice. Once a year, United may also up-tier the placement of a prescription drug product among the tiers and/or recommend specific prescription drug product exclusions from coverage. United will provide notice to Customer of material changes to the PDL, United's drug tier classification procedures, coverage exclusions, and clinical programs. If Customer chooses not to implement a particular coverage exclusion or clinical program change, Customer needs to inform United in writing sixty (60) days prior to the effective date of the exclusion or change. Current drug placement and related information may be obtained from the member website, or by calling customer service.

Claims Processing. United will process the claims received from a Network Pharmacy in accordance with the Summary Plan Description, as well as the pricing and other terms of the Network Pharmacy's participation agreement. On mail order pharmacy services, United will retain the difference between what United reimburses the Network Pharmacy and Customer's payment for a prescription drug product or service. United maintains systems for processing pharmacy claims and may receive access fees as compensation for services United provides to Network Pharmacies.

Section 4.7 Pharmacy Benefit Rebates.

Allocation and Payment of Rebates. United will negotiate with drug manufacturers for the payment of Rebates to United. The amount of Rebates that is available depends on many factors including whether Customer has an incentive benefit design, arrangements with drug manufacturers, the volume of prescription drug claims and the structure of the PDL. United will pay Customer an amount equal to 88% of the Rebates United receives (and United may pay interest on this amount as described in this Section). United will retain the balance of such Rebates (and any related interest) as part of United's compensation. Customer agrees that all payments associated with Rebates and any related interest are not due and owing to Customer until United actually pays them to Customer pursuant to this Agreement.

Customer will only receive Rebates to the extent that Rebates are actually received by United. For example, if a government action or a major change in pharmaceutical industry practices eliminates or materially reduces manufacturer Rebate programs, Customer's payment amount may be reduced or eliminated. In such event, United shall promptly notify Customer and revise or eliminate such payment effective with the date of the reduction or elimination in Rebate payments. In addition, reduction or elimination of Rebates in this event shall constitute a change in the Agreement as described in the Service Fees Section such that United has the right to increase the service fees for the Pharmacy Benefits Management services or increase the percentage of Rebate dollars retained by United.

United will pay Customer the agreed upon Rebates within thirty (30) calendar days of United's receipt of such Rebates, generally four times per year. For any Rebates not paid to Customer within thirty (30) calendar days of United's receipt, United will pay Customer interest on such Rebates from the date of receipt until United makes payment to Customer, less approximately thirty (30) days for processing. United will retain interest earned during this processing timeframe. United will pay Rebates to Customer in the agreed upon amount no less than annually. Interest will be paid at the one month London Interbank Offered Rate (LIBOR) in effect on the first business day of each applicable month.

Payments to Pharmacies. In connection with prescription drug claims, there may be a timing difference between when United withdraws funds from Customer's claims account and when United issues payments to pharmacies and other payees. United may retain interest earned on these amounts during this time. Interest is expected to be paid at overnight deposit rates by United's banking institution.

Customer Compliance. Customer agrees that during the term of this Agreement, neither Customer nor the Plan will negotiate or arrange or contract in any way for Rebates on or the purchase of prescription drug products from any manufacturer with respect to the pharmacy benefits. If Customer or the Plan does, United may, without limiting United's right to other remedies, immediately terminate Customer's and Plan's entitlement to Rebates (including forfeiture of any Rebates earned but not paid) and/or terminate the pharmacy benefit services. Termination of pharmacy benefit services shall constitute a change in the Agreement as described in the Service Fees Section such that United has the right to increase the services fees for medical management services under this Agreement.

In addition, Customer agrees to reasonably cooperate with United in order to obtain Rebates. Customer will encourage Customer's Participants to use a Network Pharmacy. Customer will also encourage Customer's Participants to electronically access the PDL on United's website, and encourage Participants to share the PDL with their physicians or refer their physicians to the PDL on United's website

Section 5 – Benefit Determinations and Appeals

Section 5.1 Claim Procedures. Customer appoints United a named, fiduciary under the Plan with respect to (i) performing initial benefit determinations and payment, and (ii) performing the fair and impartial review of first level internal appeals, and (iii) performing the fair and impartial review of second level internal appeals. As such, Customer delegates to United the discretionary authority to (i) construe and interpret the terms of the Plan, (ii) to determine the validity of charges submitted to United under the Plan, and (iii) make final, binding determinations concerning the availability of Plan benefits under the Plan's internal appeal process.

If it is determined that a benefit is payable, United will issue a check for, or otherwise credit the benefit payment to the appropriate payee.

If United denies a Plan benefit claim, the claimant shall have the appeal rights set forth in the Summary Plan Description, and/or which are required under applicable law. If United determines that all or a part of the benefit is not payable under the Plan, United will notify the claimant of the adverse benefit determination and of the claimant's right to appeal the adverse benefit determination. This notification will be designed to comply with applicable requirements for adverse benefit determination notices.

If, after the exhaustion of the two levels of internal appeal with United, United determines that the Plan benefit is still not available, United will notify the claimant that the adverse benefit determination has been upheld. This notice will be designed to comply with the applicable requirements for adverse benefit determination notices. This determination will be final and binding on the claimant, and all other interested parties, except as otherwise provided under the external review program described in Section 5.2.

Appeals of Urgent Care Claims

Notwithstanding the foregoing, with respect to Urgent Care Claims, United will conduct one review of a denied Urgent Care Claim and issue a final determination as soon as possible, in accordance with applicable law.

Section 5.2 External Review Program. United will notify claimants of the option to request an external review of adverse benefit determinations following the required internal appeal process. United will, in accordance with applicable law: (i) provide claimant with the necessary procedures to obtain the review (ii) coordinate submission of the claimant's case to an independent review organization, and (iii) notify the claimant of the final external review decision. A fee will apply beyond the maximum number of free reviews, as listed in Exhibit B, Service Fees.

Section 6 – Service Fees

Section 6.1 Service Fees. Customer will pay fees for United's services. The service fees listed in Exhibit B of this Agreement are effective for the Agreement Period shown in the Exhibit. In addition to the service fees specified in Exhibit B, Customer must also pay United any additional fee that is authorized by a provision elsewhere in this Agreement or is otherwise agreed to by the parties.

Section 6.2 Changes in Service Fees. United can change the service fees on each Agreement Period anniversary. United will provide Customer with thirty (30) days prior written notice of the revised service fees for subsequent Agreement Periods. Any such service fee change will become effective on the later of the first day of the new Agreement Period or thirty (30) days after United provides Customer with written notice of the new fees. United will provide Customer with a new Exhibit B that will replace the existing Exhibit B for the new Agreement Period.

United also can change the services fees (i) any time there are changes made to this Agreement or the Plan, which affect the fees, (ii) when there are changes in laws or regulations which affect or are related to the services United is providing, or will be required to provide, under this Agreement, including the Taxes and fees noted in Section 12.3 (iii) if the number of Employees covered by the Plan or any Plan option changes by ten percent (10%) or more or (iv) if the average contract size, defined as the total number of enrolled Participants divided by the total number of enrolled Employees, varies by 10% or more from the assumed average contract size set forth in Exhibit B. Any new service fee required by such change will be effective as of the date the changes occur, even if that date is retroactive.

If Customer does not agree to any change in service fees, Customer may terminate this Agreement upon thirty (30) days written notice after Customer receives written notice of the new fees. Customer must still pay any amounts due for the periods during which the Agreement is in effect.

Section 6.3 Due Dates, Payments, and Penalties. For the Standard Medical Service Fees described in Exhibit B, United will provide Customer with an on-line invoice in advance of the first of each month, typically no later than the 18th of each month. The Due Date for payment of the invoiced amounts is on the first day of the next full calendar month. Such invoices are provided on an eligibility-based format, and therefore payment must be made as billed (no adjustments are allowed to the invoice).

For Shared Savings Program as described in Exhibit B, United will provide Customer with an on-line invoice for the amounts that Customer owes United. In these cases, the Due Date is fifteen (15) days from the date an invoice is made available to Customer (generally around the 18th of each month).

Late Payment: If amounts owed are not paid within fifteen (15) days after their Due Date (“Grace Period”), Customer will pay United interest on these amounts at the interest rate that United charges to its self-funded customers. Customer agrees to reimburse United for any costs that United incurs to collect these amounts. United’s decision to provide Customer with a Grace Period will be based on United’s assessment of Customer’s financial condition, as of the Effective Date, and Customer’s compliance with material financial obligations. If United determines, based on reasonable information and belief, that Customer’s financial condition has deteriorated, or Customer continues to fail to comply with the material financial obligations specified in this Agreement, United may remove the Grace Period upon notice to Customer and reserves the right to either charge interest on payments not received after the Due Date or terminate the Agreement if payments are not received by the Due Date.

Section 6.4 Reconciliation. For each Agreement Period, United will reconcile the total amounts Customer paid with the total amounts Customer owed. If the reconciliation indicates that United owes Customer money, Customer’s next payment will be credited. If the reconciliation indicates that Customer owes United money, United will invoice Customer for the amount due. The Due Date for these amounts is the first day of the next calendar month. Customer will pay United within thirty (30) days after receiving notice of the amounts that Customer owes United. For payments made after this thirty (30) day period, Customer will pay United interest on these amounts at the interest rate that United charges to its other self-funded customers.

If the Agreement is terminated, United will pay Customer the amount owed within thirty (30) days after United performs a final reconciliation. If the final reconciliation indicates that Customer owes United money, Customer will pay United within thirty (30) days after receiving notice of the amount owed.

For payments Customer makes after thirty (30) days of receiving notice of the amounts that Customer owes United, United will charge interest at the interest rate that United charge its other self-funded customers.

Section 7 – Providing Funds For Benefits

Section 7.1 Providing Funds for Benefits. The Plan is Self-Funded. Customer is solely responsible for providing funds for payment for all Plan benefits payable to Participants, Network Providers, or non-Network Providers.

Section 7.2 Bank Account. United, on Customer's behalf, will open and maintain a Bank Account at the Bank to provide United the means to access Customer's funds for the sole purpose of payment of Plan benefits, Plan expenses (such as state surcharges or assessments) and, when authorized by Customer, service fees. The Bank Account will be a part of the network of accounts that have been established at the Bank for United’s self-funded customers. The funds in the Bank Account are Customer’s and will not be comingled with any other customer funds.

Section 7.3 Balance In Account. Customer will maintain a minimum balance in the Bank Account in an amount equal to not less than 6 days of expected Bank Account activity. United will establish this amount based on expected

Plan benefit payments, with appropriate adjustments for anticipated non-daily activity (e.g., prescription drug benefits and service fee payments) as determined by United. United will determine if circumstances warrant increasing this minimum balance, and will notify Customer if and when the required balance or the amount identified above changes.

The required minimum balance is based on Customer's financial condition as assessed by United. In the event United determines, based on reasonable information and belief, that Customer's financial condition has deteriorated or Customer continues to fail to comply with the material financial obligations specified in this Agreement, United may revise the required balance effective five (5) days from the date of notice.

Section 7.4 Issuing and Providing Funds for Checks and Non-Draft Payments. The checks and/or non-draft payments United writes and issues to pay Plan benefits under this Agreement will be written and/or issued from one or more common accounts that are a part of the network of accounts maintained at the Bank for United's self-funded customers. When the checks for Plan benefits are presented to the Bank, the Bank will notify United and United will direct the Bank to either reject the checks or to withdraw funds from the Bank Account to fund the checks that are cashed.

Section 7.5 Transfers of Funds. Funds will also be withdrawn from the Bank Account when a transfer of funds United made to pay Plan benefits is completed, such as when an electronic funds transfer has been made to a health care provider to pay benefits under the Plan. United will direct the Bank to withdraw funds from the Bank Account to fund the non-draft payments as they are issued.

Section 7.6 Calls for Funds. The withdrawals for Plan benefits and service fees are paid for by the balance Customer maintains in the Bank Account. This balance will be drawn down each banking day to satisfy the previous day's liability.

Customer will authorize United to initiate Automated Clearing House (ACH) transfers from Customer's designated benefit funding bank account to the Bank Account for the amount needed to pay claims processed and fees that are due. Every 5 business day(s), United will notify Customer of the amount due and United will within one business day, ACH, initiate transfers from Customer's designated funding bank account to the Bank Account in an amount necessary to pay Plan benefits. The number of days between transfers and the method of transfer are based on Customer's financial condition as of the Effective Date as assessed by United, as well as Customer's compliance with material financial obligations. United reserves the right to increase the frequency of such fund transfers and/or change the method of transfer if United determines, based on reasonable information and belief, that Customer's financial condition has deteriorated, or Customer continues to fail to comply with the material financial obligations specified in this Agreement.

Section 7.7 Underfunding. If Customer does not provide the amounts sufficient to maintain the required minimum balance in the Bank Account, or to cover Bank Account withdrawals: (1) Customer must immediately correct the deficiency and provide prompt notice to United. (2) If United learns of the funding deficiency, United will notify Customer within one business day so Customer can correct the deficiency. (3) United may stop issuing checks and non-draft payments and suspend any of its other services under this Agreement for the period of time Customer does not provide the required funding. (4) If Customer does not correct the funding deficiency within three business days of United's notice to Customer, United may terminate this Agreement as otherwise set forth in this Agreement, such termination to be effective the first day such funding deficiency began. Customer will pay interest on the amount of underfunding at the standard rate that United charges to its self-funded customers for underfunding of bank accounts.

Section 7.8 Stop Payments on Outstanding Checks. At Customer's expense, United may place stop payments on checks if United determines that Customer has insufficient funds in its designated benefits funding bank account to honor such checks. United will send a search letter to the payee on all checks that have not been cashed within six (6) months. United will automatically stop payment on all checks that have not been cashed within twelve (12) months and provide Customer with reports Customer needs for the purposes of performing escheat. Customer is solely responsible for determining to file and/or filing unclaimed property once notified, or for making unclaimed payee payments directly.

Section 8 – Term Of The Agreement

Section 8.1 Services Begin. United will begin providing Customer services under this Agreement on the Effective Date. These services apply only to claims for Plan benefits that are incurred on or after the Effective Date.

This Agreement will apply for an initial Agreement Period commencing on the Effective Date and will automatically continue for additional Agreement Periods, unless and until this Agreement is terminated. Following the Effective Date and after Customer has provided three (3) months' worth of funds for the processing of claims and/or the payment of administrative fees, this Agreement is deemed executed by the parties.

Section 8.2 Services End. United's services under this Agreement stops on the date this Agreement terminates, regardless of the date that claims are incurred. However, United may agree to continue providing certain services beyond the termination date, as provided in Exhibit A - Services.

Section 9 – Termination

Section 9.1 Termination Events. This Agreement will terminate under the following circumstances: (i) The Plan terminates, (ii) Both parties agree in writing to terminate the Agreement, (iii) After the initial Agreement Period, either party gives the other party at least sixty (60) days prior written notice, (iv) United gives Customer notice of termination because Customer did not pay the fees or other amounts Customer owed United when due under the terms of this Agreement, (v) United gives Customer notice of termination if Customer fails to provide the required funds for payment of benefits under the terms of this Agreement, (vi) Either party is in material breach of this Agreement, other than by non-payment or late payment of fees owed by Customer or the funding of Plan benefits, and does not correct the breach within thirty (30) days after being notified in writing by the other party, (vii) Any state or other jurisdiction prohibits a party from administering the Plan under the terms of this Agreement, or imposes a penalty on the Plan or United and such penalty is based on the administrative services specified in this Agreement. In this situation, the party may immediately discontinue the Agreement's application in such state or jurisdiction. Notice must be given to the other party when reasonably practical. The Agreement will continue to apply in all other states or jurisdictions, or (viii) As otherwise specified in this Agreement.

Section 9.2 Funding After Termination. When this Agreement terminates, the funding method for Plan benefits will remain in place for the length of the run-out period. After the run-out period has ended, that funding method will cease and Customer will deposit and maintain in the Bank Account enough funds to cover all checks for Plan benefits that have been issued but not cashed. This balance will remain in the Bank Account for a limited period of time to fund the outstanding checks. This period will be reasonable, as determined by United. United will stop payment on all checks that remain uncashed at the end of this period and Customer will request in writing to close the Bank Account and recover any funds remaining in it. United will provide bank statements and Bank Account reconciliation reports, including reports Customer needs for the purposes of performing escheat.

Section 10 – Records, Information, Audits

Section 10.1 Records. United will keep records relating to the services it provides under this Agreement for as long as United is required to do so by law.

Section 10.2 Access to Information. If Customer needs information in United's possession for purposes other than an audit, but in order to administer the Plan, United will provide Customer access to that information, if it is legally permissible, the information relates to United's services under this Agreement, and Customer gives United reasonable advance notice and an explanation of the need for such information.

Customer represents that it has reasonable procedures in place for handling PHI, as required by law. Customer will only use or disclose PHI to administer the Plan, to perform under this Agreement, or as otherwise permitted under this Agreement.

United will provide information only while this Agreement is in effect and for a period of six (6) months after the Agreement terminates, unless Customer demonstrates that the information is required by law or for Plan administration purposes.

United also will provide reasonable access to information to an entity providing Plan administrative services to Customer, such as a consultant or vendor, if Customer requests it. Before United provides PHI to that entity, the

parties must sign a mutually agreed-upon confidentiality agreement, and the parties must agree as to what information is minimally necessary to accomplish the Plan administrative service.

Section 10.3 Audits. During the term of the Agreement, and at any time within six (6) months following its termination, Customer or a mutually agreeable entity may audit United once each calendar year to determine whether United is fulfilling the terms of this Agreement. Prior to the commencement of this audit, United must receive a signed, mutually agreeable confidentiality agreement.

Without limiting the foregoing, with respect to audits regarding the payment of Rebates by pharmaceutical manufacturers, the audit must be conducted solely by a “big four” public accounting firm that maintains a separate and stand-alone audit department and is not providing support in conjunction with any litigation pending against United or its affiliates. However, if no “big four” public accounting firm is qualified to perform the audit due to the above requirements, another mutually agreeable firm meeting such requirements may be used.

Customer must advise United in writing of its intent to audit. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by United. All audits will be limited to information relating to the calendar year in which the audit is conducted, and/or the immediately preceding calendar year. With respect to United’s transaction processing services, the audit scope and methodology will be consistent with generally acceptable auditing standards, including a statistically valid random sample or other acceptable audit technique as approved by United (“Scope”).

Customer will pay any expenses that it incurs in connection with the audit. In addition, Customer will be charged a reasonable per claim charge and a \$1,000 charge per day for audits outside of the following parameters: (1) more than one audit per calendar year; (2) any on-site audit visit that is not completed within five (5) business days; (3) sample sizes exceeding the Scope specified above; or (4) any audit initiated after this Agreement has terminated. The additional fees cover the additional resources, facility fees, and other incremental costs associated with an audit that exceeds the Scope.

In addition to Customer’s expenses and any applicable fees, Customer will also pay any extraordinary expenses United incurs in connection with the audit. For any audit initiated after this Agreement is terminated, Customer will pay all expenses incurred by United.

Customer will provide United with a copy of any audit reports within thirty (30) days after Customer receives the audit report(s) from the auditor.

Section 10.4 Proprietary Business Information. Each party will limit the use of the other's Proprietary Business Information to only the information required to administer the Plan, to perform under this Agreement, or as otherwise permitted under this Agreement. Neither party will disclose the other's Proprietary Business Information to any person or entity other than to the disclosing party's employees, subcontractors, or authorized agents needing access to such information to administer the Plan, to perform under this Agreement, or as otherwise permitted under this Agreement, except that United’s Financial PBI cannot be disclosed by Customer to any third party without United’s express written consent. This provision shall survive the termination of this Agreement.

Section 10.5 Service Auditor Reports. United may make its Type II service auditor report (“Report”) available to United’s self-funded customers each year for Customer’s review in connection with Plan administrative purposes only. The Report will be issued under the guidance of Statement on Standards for Attestation Engagements #16 (SSAE16). Should new guidelines covering service auditor reports be issued, United may make the equivalent of, or any successor to, the SSAE16 Type II Report available to United’s self-funded customers. The Report is United’s Proprietary Business Information and shall not be shared with any third parties without United’s prior written approval; provided, however, that Customer can share the Report with: (i) Customer’s independent public accounting firm; and/or (ii) Customer’s consultants, provided that such consultants are not in any way a competitor of United’s and that Customer informs its consultants that the report was not prepared for their use. To the extent that Customer does provide the Report to its independent public accounting firm or a consultant as permitted herein, Customer shall require that they retain the Report as confidential and that they not disclose such Report to any other persons or entities.

Section 10.6 PHI. The parties' obligations with respect to the use and disclosure of PHI are outlined in the Business Associate Addendum attached to this Agreement as Exhibit C.

Section 11 – System Access

Section 11.1 System Access. United grants Customer the nonexclusive, nontransferable right to access and use the functionalities contained within the Systems, under the terms specified in this Agreement. Customer agrees that all rights, title, and interest in the Systems and all rights in patents, copyrights, trademarks, and trade secrets encompassed in the Systems will remain United's. To obtain access to the Systems, Customer will obtain, and be responsible for maintaining, at no expense to United, the hardware, software, and Internet browser requirements United provides to Customer, including any amendments thereto. Customer will be responsible for obtaining an Internet Service Provider or other access to the Internet. Customer will not (i) access Systems or use, copy, reproduce, modify, or excerpt any Systems documentation provided by United in order to access or utilize Systems, for purposes other than as expressly permitted under this Agreement or (ii) share, transfer or lease Customer's right to access and use Systems, to any other person or entity which is not a party to this Agreement. Customer may designate any third party, with prior approval from United, to access Systems on Customer's behalf, provided the third party agrees to these terms and conditions of Systems access and Customer assumes joint responsibility for such access.

Section 11.2 Security Procedures. Customer will use commercially reasonable physical and software-based measures to protect the passwords and user IDs provided by United for access to and use of any web site provided in connection with the services. Customer shall use commercially reasonable anti-virus software, intrusion detection and prevention system, secure file transfer and connectivity protocols to protect any email and confidential communications provided to United, and maintain appropriate logs and monitoring of system activity, Customer shall notify United within a reasonable timeframe of any (a) unauthorized access or damage, including damage caused by computer viruses resulting from direct access connection, and (b) misuse and/or unauthorized disclosure of passwords and user IDs provided by United which impact the System.

Section 11.3 System Access Termination. United reserves the right to terminate Customer's System access (i) on the date Customer fails to accept the hardware, software and browser requirements provided by United, including any amendments thereto or (ii) immediately on the date United reasonably determines that Customer has (i) breached, or allowed a breach of, any applicable provision of this Section 11 or (ii) materially breached or allowed a material breach of, any other applicable provision of this Agreement. Customer's System Access will also terminate upon termination of this Agreement, provided however that if run-out is provided in accordance with Exhibit A - Services, Customer may continue to access applicable functionalities within the Systems during the run-out period. Upon any of the termination events described in this Agreement, Customer agrees to cease all use of Systems, and United will deactivate Customer's identification numbers, passwords, and access to the System.

Section 12 – Taxes And Assessments

Section 12.1 Payment of Taxes and Expenses. In the event that any Taxes are assessed against United as a claim administrator in connection with United's services under this Agreement, including all topics identified in Section 12.3 Customer will reimburse United through the Bank Account for Customer's proportionate share of such Taxes (but not Taxes on United's net income). United has the authority and discretion to reasonably determine whether any such Tax should be paid or disputed. Customer will also reimburse United for a proportionate share of any cost or expense reasonably incurred by United in disputing such Tax, including costs and reasonable attorneys' fees and any interest, fines, or penalties relating to such Tax, unless caused by United's unreasonable delay or unreasonable determination to dispute such Tax.

Section 12.2 Tax Reporting. In the event that the reimbursement of any benefits to Participants in connection with this Agreement is subject to Plan or employer based tax reporting requirements, Customer agrees to comply with these requirements.

Section 12.3 State and Federal Surcharges, Fees and Assessments. The Plan is responsible for state or Federal surcharges, assessments, or similar Taxes imposed by governmental entities or agencies on the Plan or United, including, but not limited to, those imposed pursuant to The Patient Protection and Affordable Care Act of 2010 ("PPACA"), as amended from time to time. This includes the funding, remittance and determination of the amount due for PPACA required taxes and fees.

Section 13 – Indemnification

Section 13.1 Customer Indemnifies United. Customer will indemnify United and hold United harmless against any and all losses, liabilities, penalties, fines, costs, damages, and expenses, United incurs, including reasonable attorneys' fees, which arise out of (i) Customer or its vendors', subcontractors' or authorized agents' gross negligence or willful misconduct in the performance of Customer or its vendors', subcontractors' or authorized agents' obligations under this Agreement or any other agreements entered into with such third parties on Customer's behalf (ii) Customer's material breach of this Agreement (iii) a breach of any other agreements United enters into with such third parties on Customer's behalf, all as determined by a court or other tribunal having jurisdiction of the matter (iv) third party claims brought against United as the claims administrator (e.g. a claim raised by the federal government based on the federal Medicare Secondary Payor laws). This provision shall survive the termination of this Agreement.

Section 13.2 United Indemnifies Customer. United will indemnify Customer and hold Customer harmless against any and all losses, liabilities, penalties, fines, costs, damages, and expenses, that Customer incurs, including reasonable attorneys' fees, which arise out of (i) United or its vendors' gross negligence or willful misconduct in the performance of United or its vendors', subcontractors' or authorized agents' obligations under this Agreement or (ii) United's material breach of this Agreement, all as determined by a court or other tribunal having jurisdiction of the matter. Notwithstanding the foregoing, Customer will remain responsible for payment of benefits and United's indemnification will not extend to indemnification of Customer or the Plan against any claims, liabilities, damages, judgments or expenses that constitute payment of Plan benefits. This provision shall survive the termination of this Agreement.

Section 14 – Plan Benefits Litigation

Section 14.1 Litigation Against United. If a demand is asserted, or litigation or administrative proceedings are begun by a Participant or healthcare provider against United to recover Plan benefits related to its duties under this Agreement ("Plan Benefits Litigation"), United will select and retain defense counsel to represent its interest.

Section 14.2 Litigation Against Customer. If Plan Benefits Litigation is begun against Customer and/or the Plan, Customer will select and retain counsel to represent its interest.

Section 14.3 Litigation Against United and Customer. If Plan Benefits Litigation is begun against the Plan and United jointly, and provided no conflict of interest arises between the parties, the parties may agree to joint defense counsel. If the parties do not agree to joint defense counsel, then each party will select and retain separate defense counsel to represent their own interests.

Section 14.4 Litigation Fees and Costs. All reasonable legal fees and costs United incurs will be paid by Customer (except as provided in Section 13.2) if United gives Customer reasonable advance notice of United's intent to charge Customer for such fees and costs, and United consults with Customer in a manner consistent with United's fiduciary obligations on United's litigation strategy.

Section 14.5 Litigation Cooperation. Both parties will cooperate fully with each other in the defense of Plan Benefits Litigation.

Section 14.6 Payment of Plan Benefits. In all events, Customer is responsible for the full amount of any Plan benefits paid as a result of Plan Benefits Litigation.

Section 14.7 Survival. This provision shall survive the termination of this Agreement.

Section 15 – Mediation

In the event that any dispute, claim, or controversy of any kind or nature relating to this Agreement arises between the parties, the parties agree to meet and make a good faith effort to resolve the dispute. If the dispute is not resolved within thirty (30) days after the parties first met to discuss it, and either party wishes to pursue the dispute further, that party will refer the dispute to non-binding mediation under the Commercial Mediation Rules of the American Arbitration Association ("AAA"). In no event may the mediation be initiated more than one year after the date one party first gave written notification of the dispute to the other party. A single mediator engaged in the practice of law, who is knowledgeable about employee benefit plan administration, will conduct the mediation under the then current rules of the AAA. The mediation will be held in Hartford, Connecticut or a mutually agreeable site. Nothing

herein is intended to prevent either party from seeking any other remedy available at law including seeking redress in a court of competent jurisdiction. This provision shall survive the termination of this Agreement.

Section 16 – Miscellaneous

Section 16.1 Subcontractors. United can use its affiliates or subcontractors to perform United's services under this Agreement. United will be responsible for those services to the same extent that United would have been had it performed those services without the use of an affiliate or subcontractor.

Section 16.2 Assignment. Except as provided in this paragraph, neither party can assign this Agreement or any rights or obligations under this Agreement to anyone without the other party's written consent. That consent will not be unreasonably withheld. Nevertheless, United can assign this Agreement, including all of its rights and obligations to United's affiliates, to an entity controlling, controlled by, or under common control with United, or a purchaser of all or substantially all of United's assets, subject to notice to Customer of the assignment.

Section 16.3 Governing Law. This Agreement is governed by the applicable laws of the State of Connecticut. This provision shall survive the termination of this Agreement.

Section 16.4 Entire Agreement. This Agreement, with its exhibits, constitutes the entire agreement between the parties governing the subject matter of this Agreement. This Agreement replaces any prior written or oral communications or agreements between the parties relating to the subject matter of this Agreement. The headings and titles within this Agreement are for convenience only and are not part of the Agreement.

Section 16.5 Amendment. Except as may otherwise be specified in this Agreement, the Agreement may be amended only by both parties agreeing to the amendment in writing, executed by a duly authorized person of each party.

Section 16.6 Waiver/Estoppel. Nothing in this Agreement is considered to be waived by any party, unless the party claiming the waiver receives the waiver in writing. No breach of the Agreement is considered to be waived unless the non-breaching party waives it in writing. A waiver of one provision does not constitute a waiver of any other. A failure of either party to enforce at any time any of the provisions of this Agreement, or to exercise any option which is herein provided in this Agreement, will in no way be construed to be a waiver of such provision of this Agreement.

Section 16.7 Notices. Any notices, demands, or other communications required under this Agreement will be in writing and may be provided via electronic means or by United States Postal Service by certified or registered mail, return receipt requested, postage prepaid, or delivered by a service that provides written receipt of delivery.

Section 16.8 Use of Name. The parties agree not to use each other's name, logo, service marks, trademarks or other identifying information without the written permission of the other; provided, however, Customer grants United permission to use Customer's name, logo, service marks, trademarks or other identifying information to the extent necessary for United to carry out its obligations under this Agreement (e.g. on SPDs and ID cards).

Section 16.9 Producer Compensation. United pays brokers and agents (referred to collectively as "producers") compensation for their services in connection with the sale of United's third party administrative services, in compliance with applicable law. United pays "base commissions" based on factors such as the type of services sold, total amount of administrative fees, group size, and number of employees. These commissions are reflected in the administrative service rate. In addition, United may pay bonuses pursuant to bonus programs established from time to time which are designed to encourage the provision of information regarding new products and provide incentives to achieve production targets, persistency levels, growth goals and other objectives. Bonuses are not reflected in the administrative service fees but are paid from United's general administrative expenses. In general, United's total bonuses are less than 10% of total producer compensation paid but the percentage may be higher in certain situations. It is United's policy not to pay commissions to producers with respect to a product for which the customer is also paying the producer a commission or other fee. Please note United also makes payments from time to time to producers for services other than those relating to the sale of services (for example, compensation for services as a general agent or as a consultant). United has taken steps to ensure that producers properly disclose their compensation arrangements to their customers, but United cannot guarantee the producer's compliance. For general information on United's producer payment arrangements, including the approximate percentage of total compensation that total bonus payments comprise, please go to <http://www.uhc.com> and search for "Producer Compensation" or click "legal" at the bottom of the screen and select the tab for "Overview of Producer

Compensation” For specific information about the compensation payable with respect to Customer’s particular situation, Customer should contact its producer.

EXHIBIT A – SERVICES

The following are the administrative services United has agreed to provide to Customer. Customer may request that United provide services in addition to those set forth in this Agreement. If United agrees to provide them, those services will be governed by the terms of this Agreement and any amendments to this Agreement. Customer will pay an additional fee, determined by United, for these additional services.

The Services described in this Exhibit will be made available to Customer’s eligible Participants consistent with the Summary Plan Description under which the Participant is covered.

A. ACCOUNT MANAGEMENT SERVICES

Service	Comments
Implementation and maintenance of account.	
Enrollment meetings and support for locations that meet United’s criteria.	Minimum six weeks notice of meeting.
Standard initial enrollment kit.	
Bulk mailing of initial enrollment kits to Customer based on United’s criteria.	
Ongoing account management including: <ul style="list-style-type: none"> ● Designated account resources. ● Ongoing management and review of benefits and data. 	
Standard accounting structure based on United’s criteria: <ul style="list-style-type: none"> ● Suffixes to accommodate separate claims reporting for different benefit plans. ● Claim accounts to accommodate separate claims data for different locations and groups. 	Maximum of 25 distinct suffix/account splits.
Maintenance of up to 3 separate benefit plans.	
Electronic Bill Presentment and Payment (EBPP) , which provides capabilities to: <ul style="list-style-type: none"> ● View invoices online. ● Sort and search enrollee information. ● Download billing information. ● Remit payment online. 	
Online administration services accessed through United’s Employer eServices Web site including online eligibility maintenance and claim status inquiry.	Customer reporting is included to the extent indicated in Section D. eServices Customer Reporting Services.
Issuance of HIPAA Certificates of Creditable Coverage	
Summary Plan Description (SPD) Assistance. United will prepare a customized draft of an SPD, either for each plan or multiple plans, as mutually agreed upon with one additional draft, in response to Customer’s comments, and a final draft SPD. “Plan”, for purposes of this paragraph, means each individual plan design administered by United. The SPD will be in English. United will print each SPD in its standard size and with United’s standard cover in a quantity equal to 110% of the number of Employees participating in the plan, and ship to a single location and/or post online.	<p>If the SPD is not finalized sufficiently in advance of the Effective Date of United’s services, United will either (i) utilize the summary of Plan benefits and exclusions that United has created based on its understanding of Customer’s Plan design and which Customer has reviewed and approved or (ii) create, at United’s discretion, an operational SPD which will be based upon the summary of Plan benefits that Customer has reviewed and approved. United will administer claims and otherwise provide its services in accordance with this summary of Plan benefits and exclusions or operational SPD, as the case may be, and it will govern and remain in full force and effect until a final SPD is provided to United.</p> <p>If United is providing Drafts only or if Customer is producing the Final SPDs, Printing of SPDs will be at an additional cost.</p>
Summary of Benefits and Coverage: <ul style="list-style-type: none"> ● Electronic version in United’s standard format. ● For medical Plans administered by United. ● Initial request and up to 1 amendment per year. 	

B. ELIGIBILITY MANAGEMENT SERVICES

Service	Comments
Standard ID Card production and issuance.	United has assumed the addition of Customer's logo in an acceptable format to the ID card.
Alternative member ID numbers generated by United (not based on SSN).	
Electronic Eligibility Processing	
Electronic Enrollment processing: <ul style="list-style-type: none"> Each submission to be a single consolidated file. Separate eligibility submissions for COBRA. Initial load of primary physician data (when applicable) to be supplied electronically with ongoing changes submitted via Employer eServicesSM Web site. 	
Submission format: <ul style="list-style-type: none"> UnitedHealth Group® Standard 3005 Format: HIPAA 834 Compliant Format; or HR-XML format. Single data source required. Submission frequency: <ul style="list-style-type: none"> Changes file daily in combination with a full population file on a monthly schedule. Or <ul style="list-style-type: none"> Changes file weekly or bi-weekly in combination with a full population file on a monthly or quarterly schedule. Or <ul style="list-style-type: none"> Full file weekly or bi-weekly. Transmission method: <ul style="list-style-type: none"> FTP with United's approved encryption or direct connect. 	

C. UNDERWRITING AND FINANCIAL SERVICES

Service	Comments
Overall program accounting (year-end reconciliation).	
Claim projections.	
Annual Projection of cost impact for benefit design changes.	
Annual Projection of conventional premium equivalent rates.	
Annual Reserve estimates.	
Annual government filings of 1099 reports to the IRS regarding payments made to physicians and other health care professionals.	
Provide required data necessary to enable Customer to file Form 5500.	

D. eSERVICES® CUSTOMER REPORTING SERVICES

Service	Comments
An online customer reporting system including up to five customer IDs.	
Reporting Access Levels: <ul style="list-style-type: none"> Standard – Basic report package of “subscription” financial and utilization information produced on a pre-scheduled basis. Select – In addition to the Standard features, interactive access to eCR tools allowing the user to customize report parameters to facilitate detailed views of the data. Includes a broad array of membership and utilization reports. Expanded – In addition to the Select features, allows the user greater ad-hoc and customizable capabilities to obtain detailed performance information. 	<p>Customer's access level is based upon its election.</p> <p>Expanded Level reports are available to customers with Select Level reporting on an ad hoc basis for an additional charge per report.</p>

Service	Comments
Non-standard or ad hoc reports	Fees are determined on a report-specific basis
United reserves the right, from time to time, to change the content, format and/or type of its reports.	

E. CLAIMS ADMINISTRATION SERVICES

Service	Comments
Claims for Plan benefits must be submitted in a form that is satisfactory to United in order for it to determine whether a benefit is payable under the Plan's provisions. Customer delegates to United the discretion and authority to use United's claim procedures and standards for Plan benefit claim determination.	
Implementation of Customer's benefit plans.	
Claim history load from one prior carrier using United's standard process.	
Standard claims processing including: <ul style="list-style-type: none"> ● Re-pricing and payment of claims. ● Auto and manual adjudication using proprietary software. ● Claim edit/review and cost containment program ● Pending and subsequent claim review. 	
Standard claim forms (when applicable).	
Medical claim review of specific health care claims to promote coding accuracy, benefit interpretation, and apply reimbursement policy.	
Standard coordination of benefits for all claims with automated investigation once every 12 months.	
Production and distribution of monthly Health Statements.	
Processing of run-out claims (meaning claims incurred prior to the termination date) for six (6) months following termination.	<p>If the Agreement terminates because Customer fails to pay United fees due, fails to provide the funding for the payment of benefits, or United terminates for any other material breach, run-out will not apply.</p> <p>The fee for run-out claims processing is equal to the last two months' Standard Service Fees in effect at the time of termination. If Customer terminates this Agreement at the end of the initial Agreement Period, a matured Standard Service Fee will be used as the basis for the run-out fee.</p> <p>United will bill Customer for the full amount of run-out fee that Customer owes, generally one month prior to the Agreement's termination date. The full payment of run-out fees is due and payable before run-out claims processing will begin. United will only process run-out claims if Customer is current with all Service Fee obligations at time of termination.</p> <p>Suspension of Run-out Processing If Customer does not pay the run-out fees it owes United when due as set forth above, United will notify Customer. If Customer does not make the required payment within five (5) business days of United's notice to Customer, United may stop issuing checks and non-draft payments and suspend its run-out claims processing under this Agreement, such suspension to apply to all claims regardless of dates of service and shall remain in effect until such date when Customer makes the required payment.</p> <p>Termination of Run-out Processing Run-out claims processing will terminate: (1) the date United gives Customer notice of termination because Customer did not pay the run-out fees Customer owed United when due as set forth above, or (2) if Customer fails to provide the required funds for payment of benefits under the terms of this</p>

Service	Comments
	Agreement. Such termination shall apply to all claims regardless of dates of service.
Application of subrogation services.	
Abuse and Fraud Management Recovery Program.	The fee includes all work to identify recovery opportunities, research, conduct data analysis, investigate, negotiate settlements without the use of outside counsel, and draft legal documents. If outside counsel is retained for a group of payers seeking the recovery, a proportionate amount of the outside legal fees, equal to the payer's exposure in the case to the total exposure in the case, will be deducted from the gross recovery amount, after the fee has been deducted. Customer will be given the option to participate or decline participation in the settlement.
Hospital Bill Audit Program.	
Credit Balance Recovery Program.	
Advanced Analytics and Recovery Services	United or its affiliate will use a combination of large scale analytics, information and analysis to identify post-adjudication claims for additional overpayment opportunities.

F. MEMBER SERVICES

Service	Comments
Toll-free access to a customer care unit using a dedicated number	
Employee access to a member website enabling Participants to:	
<ul style="list-style-type: none"> ● Check claim status. ● Check eligibility information. ● Search for providers and online health information. 	

G. MEDICARE SERVICES

Service	Comments
Medicare Secondary Payer Reporting. United shall provide to applicable parties the applicable reports in a time and manner as required according to the Medicare Secondary Payer Mandatory Reporting Provisions ("Reporting Requirements") in Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007. United shall not be responsible for any noncompliance penalties in connection with the Reporting Requirements that are related to Customer's failure to provide the required data.	Customer agrees to provide to United in a timely manner and in an agreed upon format any and all data that United requires to comply with the Reporting Requirements.

H. NETWORK SERVICES

Service	Comments
Network access, management and administrative activities	Standard on all network plans.
UnitedHealth PremiumSM Designation Program	Available in designated markets.
Network access to chiropractic and complementary alternative medicine providers	
Physical Health Clinical Support Program for Chiropractic and Complementary Alternative providers.	
Transplant Solutions (TS) Services	
<ul style="list-style-type: none"> ● Transplant Network via Centers of Excellence (COE) ● Transplant Access Program (TAP) Network ● Extra-Contractual Services - contracting on a case-by case basis for transplant care outside of the COE or TAP Networks for a standard negotiating fee. 	
Reasonable and customary charge guidelines for out of network surgical, medical, lab and x-ray claims.	

Service	Comments
Maximum Non-Network Reimbursement Program (MNRP) for non-emergency non-network claims.	
Shared Savings Program Application of the Shared Savings Program provides additional savings on select non-Network facility and physician claims not eligible for standard network discounts. Program provides access to discounted charges made available to United from health care providers who contract or will negotiate with, a third party to provide such discounted charges.	The services under this program provide access to provider discounts only and do not include credentialing of providers or other Network services. United is not responsible for the medical outcomes or the quality or competence of any provider or facility rendering services under the Shared Savings Program. Either party can terminate the Shared Savings Program at any time for any reason with written notice.
Access to Extended Networks (leased networks)	Available at an additional charge.

I. CARE MANAGEMENT AND OUTREACH SERVICES

Service	Comments
Personal Health Support , an integrated personal health management program using a designated team of nurses and incorporating elements of care management core activities such as case management and support around specific treatment decisions. A pregnancy program, consumer engagement notification program including gaps in care messaging, and a predictive model specific to Customer are also included.	Coordination with external vendors is subject to an additional fee.
Medical policy functions , as guided by a medical director.	Standard on all managed plans.
Disease Management Programs	Coordination with external vendors is subject to an additional fee.
Complex Medical Conditions: <ul style="list-style-type: none"> ● Cancer Resource Services ● Congenital Heart Disease Resource Services ● Healthy Pregnancy ● Kidney Resource Services 	
Alternate Care Proposals (ACP) which provide appropriate and cost effective health care services and supplies alternatives that would otherwise not be covered by the Plan.	Customer consents to United's use and administration of the ACP program and delegate to United the discretion and authority to develop and revise ACPs.
Activation programs to engage Participants including, monthly health statements member call services, and access to member portal with consumer messaging	
Predictive modeling , using data from a proprietary system, to identify individuals at risk and offer proactive programs to improve their health status.	Standard on all managed plans. Additional charges apply for integrating an outside vendor's pharmacy data.

J. UNITED BEHAVIORAL HEALTH — MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES

Service	Comments
Behavioral Health Solutions, Full Care Management <ul style="list-style-type: none"> ● Network access, development and maintenance. ● Ongoing case management. ● Outpatient care management. ● Inpatient care management. ● Outcomes measurement. ● Claims processing, adjudication and member services. ● Account management, reporting and communication materials. ● Interface with employee assistance program (EAP) vendors. 	

K. EMPLOYEE HEALTH EDUCATION AND MEDICAL SELF-CARE PROGRAM SERVICES

Service	Comments
NurseLineSM - provides 24-hour access to registered nurses.	
Care24SM — works in conjunction with NurseLine and Employee Assistance Program (EAP) to provide 24-hour registered access to clinical, wellness, financial, legal or counseling resources.	
HealthAtoZ – providing members with access to online Health and Wellness content/health assessments/health coaching, personal health records, and automated messaging.	

L. UNITEDHEALTH ALLIES® DISCOUNT PROGRAM

Service	Comments
Basic UnitedHealth Allies® Discount Program enabling plan participants to access pre-negotiated savings on certain out-of-pocket health care purchases. The discount value program is not a health insurance plan.	The Basic UnitedHealth Allies® Discount Program can be made available to non-covered employees or employees participating in plans not administered by United for an additional fee.

M. MANAGED PHARMACY SERVICES

Service	Comments
Integrated Pharmacy Services including: <ul style="list-style-type: none"> ● Claims processing ● Eligibility management ● Benefits management ● Reporting (available through eServices) ● Retail Pharmacy Network Management. ● Mail Order Services. ● Customer Care Center Services - Toll-free access to customer care voice response unit (for location of network pharmacies), and a pharmacist ● Specialty Pharmacy ● Support staff and account management 	Postage paid return envelopes are <u>not</u> included and are not available.
Standard Clinical programs such as standard notification, quantity level limits, and quantity per duration.	
Additional programs such as dispense as written (DAW) interventions, retail flags and edits, maximum allowable cost pricing (retail), and generic and mail order programs.	

EXHIBIT B – SERVICE FEES

This exhibit lists the service fees Customer must pay United for its services during the term of the Agreement. These fees apply for the period from January 1, 2016 through December 31, 2016. Customer acknowledges that the amounts paid for administrative services are reasonable.

Administrative Service Fees – Standard Medical Service Fees

The Standard Medical Fees listed below are based upon an estimated minimum of 580 enrolled Employees.

The Standard Medical Service Fees are the sum of the following:

- \$33.50 per Employee per month covered under the Choice or Choice Plus portion of the Plan.

Average Contract Size: 2.27

Pharmacy AWP Contract Rate

Customer's contract rate for prescription drugs obtained through the mail order Network Pharmacy for generic drugs is AWP-57% excluding specialty drugs. United uses Medi-Span's national drug data file as the source for average wholesale price (AWP) information. United reserves the right to revise the pricing and adopt a new source or benchmark if there are material industry changes in pricing methodologies.

Administrative Service Fees - Non-Standard Fees

Service Description	Fee
Fraud and Abuse Management	Fee equal to thirty-two and five-tenths percent (32.5%) of the gross recovery amount
Hospital Audit Program Services	Fee not to exceed thirty-one percent (31%) of the gross recovery amount
Credit Balance Recovery Services	Fee not to exceed ten percent (10%) of the gross recovery amount.
Standardized Summary of Benefits and Coverage (SBC) as established under The Patient Protection and Affordable Care Act of 2010	United will provide, at no additional charge, standard format, electronic copies of the SBC documents (twice per year) for medical benefit plans administered by United. Customer logos can be included on the SBC at no additional charge. Additional fees will apply for other services. United will not create SBCs for medical plans it does not administer.
Third Party Liability Recovery (Subrogation) Services	Fee equal to thirty-three and one-third percent (33.3%) of the gross recovery amount
Advanced Analytics and Recovery Services	Fee equal to twenty four percent (24%) of the gross recovery amount
Shared Savings Program	Customer will pay a fee equal to thirty-five percent (35%) of the "Savings Obtained" as a result of the Shared Savings Program. "Savings Obtained" means the amount that would have been payable to a health care provider, including amounts payable by both the Participant and the Plan, if no discount were available, minus the amount that is payable to the health care provider, again, including amounts payable by both the Participant and the Plan, after the discount is taken.
External Reviews	For each subsequent external review beyond 5 total reviews per year, a fee of \$500 will apply per review.

EXHIBIT C – BUSINESS ASSOCIATE AGREEMENT ADDENDUM

This Business Associate Agreement (“BAA”) is incorporated into and made part of the Administrative Services Agreement (“Agreement”) between United HealthCare Services, Inc. on behalf of itself and its Affiliates (“Business Associate”) and City of Moline (“Covered Entity”) (each a “Party” and collectively the “Parties”) and is effective on January 1, 2016 (Effective Date).

The Parties hereby agree as follows:

1. DEFINITIONS

- 1.1 Unless otherwise specified in this BAA, all capitalized terms used in this BAA not otherwise defined have the meanings established for purposes of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations as amended and supplemented by HITECH, as each is amended from time to time (collectively, “HIPAA”).
- 1.2 “Affiliate”, for purposes of this BAA, means any entity that is a subsidiary of UnitedHealth Group.
- 1.3 “Breach” means the acquisition, access, use or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exclusions set forth, in 45 C.F.R. 164.402.
- 1.4 “Breach Rule” means the federal breach regulations, as amended from time to time, issued pursuant to HIPAA and codified at 45 C.F.R. Part 164 (Subpart D).
- 1.5 “Compliance Date” means the later of the September 23, 2013 or the effective date of the Agreement.
- 1.6 “Electronic Protected Health Information” (or “ePHI”) means PHI that is transmitted or maintained in Electronic Media.
- 1.7 “HITECH” means Subtitle D of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. 17921-17954, and all associated existing and future implementing regulations, when and as each is effective.
- 1.8 “PHI” means Protected Health Information, as defined in 45 C.F.R. 160.103, and is limited to the Protected Health Information received from, or received, maintained created or transmitted on behalf of, Covered Entity by Business Associate in performance of the Services.
- 1.9 “Privacy Rule” means the federal privacy regulations, as amended from time to time, issued pursuant to HIPAA and codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- 1.10 “Security Rule” means the federal security regulations, as amended from time to time, issued pursuant to HIPAA and codified at 45 C.F.R. Parts 160 and 164 (Subparts A & C).
- 1.11 “Services” means, to the extent and only to the extent they involve the receipt, creation, maintenance, transmission, use or disclosure of PHI, the services provided by Business Associate to Covered Entity as set forth in the Agreement, including those set forth in this BAA in Sections 4.3 through 4.7, as amended by written agreement of the Parties from time to time.

2. RESPONSIBILITIES OF BUSINESS ASSOCIATE

With regard to its use and/or disclosure of PHI, Business Associate agrees to:

- 2.1 not use and/or further disclose PHI except as necessary to provide the Services, as permitted or required by this BAA and/or the Agreement, and in compliance with each applicable requirement of 45 C.F.R. 164.504(e), or as otherwise Required by Law; provided that, to the extent Business Associate is to carry out Covered Entity’s obligations under the Privacy Rule, Business Associate will comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of those obligations.
- 2.2 implement and use appropriate administrative, physical and technical safeguards and as of the Compliance Date comply with applicable Security Rule requirements with respect to ePHI, to prevent use or disclosure of PHI other than as provided for by this BAA and/or Agreement.

- 2.3 without unreasonable delay, report to Covered Entity: (i) any use or disclosure of PHI not provided for by this BAA and/or Agreement, of which it becomes aware in accordance with 45 C.F.R. 164.504(e)(2)(ii)(C); and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 C.F.R. 164.314(a)(2)(i)(C).
- 2.4 with respect to any use or disclosure of Unsecured PHI not permitted by the Privacy Rule that is caused solely by Business Associate's failure to comply with one or more of its obligations under this BAA, Covered Entity hereby delegates to Business Associate the responsibility for determining when any such incident is a Breach and for providing all legally required notifications to Individuals, HHS and/or the media, on behalf of Covered Entity. Business Associate shall provide these notifications in accordance with the notification requirements set forth in the Breach Rule, and shall pay for the reasonable and actual costs associated with those notifications. In the event of a Breach, without unreasonable delay, and in any event no later than sixty (60) calendar days after Discovery, Business Associate shall provide Covered Entity with written notification in accordance with 45 C.F.R. 164.410 that includes a description of the Breach, a list of Individuals (unless Covered Entity is a plan sponsor ineligible to receive PHI) and, in the event the delegation set forth above has been triggered, a copy of the template notification letter to be sent to Individuals.
- 2.5 in accordance with 45 C.F.R. 164.502(e)(1)(ii) and 45 C.F.R. 164.308(b)(2), ensure that any subcontractors of Business Associate that create, receive, maintain or transmit PHI on behalf of Business Associate agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to Business Associate with respect to that PHI, including complying with the applicable Security Rule requirements with respect to ePHI.
- 2.6 make available its internal practices, books and records relating to the use and disclosure of PHI to the Secretary for purposes of determining Covered Entity's compliance with the Privacy Rule.
- 2.7 document, and within thirty (30) days after receiving a written request from Covered Entity or an Individual, make available an accounting of disclosures of PHI about the Individual, in accordance with 45 C.F.R. 164.528.
- 2.8 provide access, within twenty (20) days after receiving a written request from Covered Entity or an Individual, to PHI in a Designated Record Set about an Individual, in accordance with the requirements of 45 C.F.R. 164.524 including as of the Compliance Date, providing or sending a copy to a designated third party and providing or sending a copy in electronic format.
- 2.9 to the extent that the PHI in Business Associate's possession constitutes a Designated Record Set, make available, within thirty (30) days after a written request by Covered Entity, PHI for amendment and incorporate any amendments to the PHI, as requested by Covered Entity, all in accordance with 45 C.F.R. 164.526.

3. RESPONSIBILITIES OF COVERED ENTITY

In addition to any other obligations set forth in the Agreement, including in this BAA, Covered Entity:

- 3.1 shall identify the records it furnishes to Business Associate it considers to be PHI for purposes of this BAA.
- 3.2 shall provide to Business Associate only the minimum PHI necessary to accomplish the Services.
- 3.3 in the event that the Covered Entity honors a request to restrict the use or disclosure of PHI pursuant to 45 C.F.R. 164.522(a) or makes revisions to its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. 164.520 that increase the limitations on uses or disclosures of PHI or agrees to a request by an Individual for confidential communications under 45 C.F.R. § 164.522(b), Covered Entity agrees not to provide Business Associate any PHI that is subject to any of those restrictions or limitations to the extent any may limit Business Associate's ability to use and/or disclose PHI as permitted or required under this BAA unless Covered Entity notifies Business Associate of the restriction or limitation and Business Associate agrees in writing to honor the restriction or limitation. In addition, if those limitations or revisions materially increase Business Associate's cost of providing services under the Agreement, including this BAA, Covered Entity shall reimburse Business Associate for such increase in cost.

- 3.4 shall be responsible for using administrative, physical and technical safeguards at all times to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Business Associate pursuant to the Agreement, including this BAA, in accordance with the standards and requirements of HIPAA, before and during the transmission of such PHI to Business Associate.
- 3.5 shall obtain any consent or authorization that may be required by applicable federal or state laws and regulations prior furnishing to Business Associate the PHI for use and disclosure in accordance with this BAA.

4. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited in this BAA, in addition to any other uses and/or disclosures permitted or required by this BAA or the Agreement, Business Associate may:

- 4.1 make any and all uses and disclosures of PHI necessary to provide the Services to Covered Entity.
- 4.2 use and disclose PHI, if necessary, for proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that the disclosures are Required by Law or any third party to which Business Associate discloses PHI for those purposes provides written assurances in advance that: (i) the information will be held confidentially and used or further disclosed only for the purpose for which it was disclosed to the third party or as Required by Law; and (ii) the third party promptly will notify Business Associate of any instances of which it becomes aware in which the confidentiality of the information has been breached.
- 4.3 De-identify any and all PHI received or created by Business Associate under this BAA, which De-identified information shall not be subject to this BAA and may be used and disclosed on Business Associate's own behalf, all in accordance with the De-identification requirements of the Privacy Rule.
- 4.4 provide Data Aggregation services relating to the Health Care Operations of the Covered Entity in accordance with the Privacy Rule.
- 4.5 identify Research projects conducted by Business Associate, its Affiliates or third parties for which PHI may be relevant; obtain on behalf of Covered Entity documentation of individual authorizations or an Institutional Review Board or privacy board waiver that meets the requirements of 45 C.F.R. 164.512(i)(1) (each an "Authorization" or "Waiver") related to such projects; provide Covered Entity with copies of such Authorizations or Waivers, subject to confidentiality obligations ("Required Documentation"); and disclose PHI for such Research provided that Business Associate does not receive Covered Entity's disapproval in writing within ten (10) days of Covered Entity's receipt of Required Documentation.
- 4.6 make PHI available for reviews preparatory to Research and obtain and maintain written representations in accord with 45 C.F.R. 164.512(j)(1)(ii) that the requested PHI is sought solely as necessary to prepare a Research protocol or for similar purposes preparatory to Research, that the PHI is necessary for the Research, and that no PHI will be removed in the course of the review.
- 4.7 use the PHI to create a Limited Data Set ("LDS") in compliance with 45 C.F.R. 164.514(e).
- 4.8 use and disclose the LDS referenced in Section 4.7 solely for Research or Public Health purposes or for the Health Care Operations of the Covered Entity, provided that Business Associate shall: (i) not use or further disclose the information other than as permitted by this Section 4.8 or as otherwise Required by Law; (ii) use appropriate safeguards to prevent use or disclosure of the information other than as provided for by this Section 4.8; (iii) report to Covered Entity any use or disclosure of the information not provided for by this Section 4.8 of which Business Associate becomes aware; (iv) ensure that any agents to whom Business Associate provides the LDS agree to the same restrictions and conditions that apply to Business Associate with respect to such information; and (v) not identify the information or contact the Individuals.

5. TERMINATION

- 5.1 Termination. If either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this BAA then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The

breaching Party must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching Party within the specified timeframe, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may terminate the Agreement and/or this BAA.

- 5.2 Effect of Termination or Expiration. After the expiration or termination for any reason of the Agreement and/or this BAA, Business Associate shall return or destroy all PHI, if feasible to do so, including all PHI in possession of Business Associate's subcontractors. In the event that Business Associate determines that return or destruction of the PHI is not feasible, Business Associate may retain the PHI subject to this Section 5.2. Under any circumstances, Business Associate shall extend any and all protections, limitations and restrictions contained in this BAA to Business Associate's use and/or disclosure of any PHI retained after the expiration or termination of the Agreement and/or this BAA, and shall limit any further uses and/or disclosures solely to the purposes that make return or destruction of the PHI infeasible.
- 5.3 Cooperation. Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action or other inquiry.

6. MISCELLANEOUS

- 6.1 Construction of Terms. The terms of this BAA to the extent they are unclear shall be construed to allow for compliance by Covered Entity and Business Associate with HIPAA.
- 6.2 Survival. Sections 5.2, 5.3, 6.1, 6.2, and 6.3 shall survive the expiration or termination for any reason of the Agreement and/or of this BAA.
- 6.3 No Third Party Beneficiaries. Nothing in this BAA shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

BROKERAGE SERVICE FEE AGREEMENT

THIS AGREEMENT, effective as of December 31, 2015, is by and between City of Moline ("Client"), located at 619 16th Street; Moline, IL 61265 and USI Midwest LLC ("USI"), located at 1800 River Drive; Moline, IL 61265.

WHEREAS, Client has appointed USI as its broker of record for Client's insurance program described below, and

NOW, THEREFORE, in consideration of the following, Client agrees to engage USI, and USI hereby agrees to perform the services described below.

1. SCOPE OF SERVICES

A) Risk Management

1. Negotiate coverage terms, premiums, and the placement of coverage with insurers, for Client's **Commercial Property/Casualty** insurance program described as follows:

- General Liability
- Liquor Liability
- Employee Benefits Liability
- Law Enforcement Liability
- Property
- Crime
- Inland Marine
- Auto Liability/Physical Damage
- Cyber Liability
- Public Entity Employment Related Practices Liability
- Excess Liability
- Property – Docks
- Excess Workers Compensation

2. Review insurance policies for conformity with the insurers' proposals and obtain necessary revisions.
3. Obtain from the insurers and promptly deliver to Client the requested insurance policies, endorsements, and related documentation on the understanding that Client will also review all such documents delivered to Client and promptly advise USI of any revisions that may be needed;
4. Verify the accuracy of each binder, certificate, endorsement, premium audit, and premium adjustment, and other documents received from Client's insurer(s), and obtain revisions from insurers when needed.
5. Prepare certificates of insurance as requested by Client and as appropriate.

6. Prepare a schedule of Client's insurance policies, including the names of the insurers, policy numbers, term, limits of liability, deductibles, retentions, payment plans and the estimated annual premium.
7. Monitor the financial strength of the insurer(s) providing Client's coverages, and inform Client in the event that the A.M. Best rating of such insurer(s) is reduced below "A-".
8. Assist Client in developing and maintaining the underwriting-related information required to obtain insurance coverage, relying on the information provided by Client on the understanding that Client shall be responsible for the accuracy such information.
9. Furnish continuing advice, technical assistance and counsel to Client, as requested by Client.
10. Provide periodic forecasts of ultimate losses to Client in reliance on information provided by insurers and Client.

B) Claims, Loss Control & Engineering

1. Monitor the loss control assistance provided by Client's insurers, evaluate the insurers' recommendations submitted and attempt to negotiate amendments where requested by Client and as appropriate.
2. Provide detailed loss data to Client on a periodic basis, based on data from the insurers or, if available, from USI's databases.
3. Analyze Client's loss data to determine trends in causes and sites of incidents, and provide the data analysis to Client on a periodic basis.
4. Monitor the claim services provided by Client's insurers, including assistance with claims submission interpretation of insurance policies.
5. Attend claims review meetings convened by Client's insurers as requested by Client.
6. Analyze reserve amounts allocated for claims by insurers and notify Client as to increases.
7. Monitor problematic claims regularly.
8. Conduct loss control surveys at the Client's facilities as agreed in writing by Client and USI.

USI reserves the right to re-negotiate this Agreement in the event that the hours of service provided by USI exceed the fees set forth in Section 2. **However, no renegotiation shall be valid until both parties sign a written memorandum specifying the additional compensation.**

As respects all Loss Control and Engineering services described above, USI does not offer any warranty, either express or implied, that such services shall result in either monetary savings or claim payments by insurers to Client. In addition, Client acknowledges that USI, in performing a Loss Control analysis, cannot identify or detect every possible hazard, risk or legal violation that may be present in Client's operation or premises.

C) Existing Insurance Policies

The services to be provided by USI hereunder are provided for the exclusive benefit of Client. The services, recommendations, proposals and information provided by USI are not to be distributed to, used by or relied upon by other parties. Furthermore, if the services to be provided by USI hereunder shall be deemed by Client to apply to any insurance policy/policies that was in effect prior to the effective date of this Agreement, then USI's services shall not be assumed by Client to remedy or resolve any deficiencies in such policy/policies. USI will neither assume nor accept liability for any deficiencies, errors or oversights inherent in such policy/policies until such time as USI has had adequate opportunity to review such policy/policies and to provide recommendations to Client concerning same.

D) Additional Services

The services described above are the only services to be provided by USI to Client under this Agreement. Any additional services requested by Client, and any related compensation, shall be separately negotiated by USI and Client and described in an amendment to this Agreement.

Notwithstanding the foregoing, to the extent that state law prohibits value added services that are unrelated to the insurance products being sold, this Agreement may be modified so that the scope of services and the corresponding compensation therefore is compliant under state law.

2. BASIS OF COMPENSATION

In consideration of the services provided by USI, Client will pay USI an annual fee of \$5,000,

Payment Terms – Annual; Full Pay

and

a commission of 12.5% for each carrier for the Travelers Public Sector Program, 15% for Travelers Property Docks Program and 10% for Safety National's Excess Workers Compensation program.

The fee is in addition to the net premium paid for the coverages placed for Client by USI.

If USI is compensated by commissions paid to us by insurers, they will be earned for the entire policy period at the time USI places the coverage. USI will be paid the commission percentage stated for the placement of your insurance as indicated, and will earn and retain the same commission percentage for all subsequent renewals of this policy unless a different commission percentage is agreed to in writing.

USI's compensation for the services excludes federal, state and local sales, use, excise, receipts, gross income and other similar taxes or governmental charges which may be imposed. Client is responsible for paying any such taxes or charges (except for taxes imposed on the net income of USI) now imposed or becoming effective during the term of this Agreement. In addition to the premium and our compensation, USI may invoice Client for any federal, state and local sales, use, excise or other similar taxes, unless Client provides USI with a valid tax exemption acceptable to us.

3. TERM OF CONTRACT

The initial term of this Agreement shall be one year from the effective date of this Agreement. This Agreement shall renew automatically, unless terminated in accordance with Section 4, Termination of Agreement, hereof.

4. TERMINATION OF AGREEMENT

This Agreement will renew annually after the initial term, unless either party gives written notice to the other party of non-renewal at least sixty (60) calendar days prior to the end of the initial term or any renewal term. The Client may terminate this Agreement during any renewal term, after the initial term, upon sixty (60) days' written notice to USI. In the event of any non-renewal or termination of this Agreement, the fee as set forth in Section 2 shall be deemed fully earned and payable to USI as of the beginning of the term in the year in which such non-renewal or termination occurs. All work product provided by USI to Client pursuant to this Agreement shall be the property of Client.

USI's obligation to render the services under this Agreement ends on the effective date of termination of this Agreement. USI will assist in the orderly transition of matters to Client or to a new insurance broker. Claims and premium or other adjustments may arise after our relationship ends, and we have no responsibility to handle these things after termination of the Agreement. Such items are normally handled by the insurance broker serving you at the time the claim or adjustment arises. However, USI may provide services after the termination of this Agreement for mutually agreed additional compensation. Nevertheless, we will, process all remaining deposit premium installments on the policy(ies) in effect at the time of change.

5. ASSIGNMENT

Neither Client nor USI shall assign, solicit or transfer their rights or obligations under this Agreement without prior written consent of the other, and such consent shall not be unreasonably withheld.

6. CONFIDENTIALITY

"Confidential Information" shall mean non-public information revealed by or through a party to this agreement (a "Disclosing Party") to the other party (a "Receiving Party") including

(a) information expressly or implicitly identified as originating with or belonging to third parties, or marked or disclosed as confidential, (b) information traditionally recognized as proprietary trade secrets, and (c) all forms and types of financial, business (including customer information), scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing

- A. As to any Confidential Information disclosed by the Disclosing Party to the Receiving Party, the Receiving Party will take reasonable precautions in accordance with procedures it follows with respect to its own important confidential information to prevent disclosure, directly or indirectly, of all or any portion of the Confidential Information.
- B. Except as may be required by law or legal process, the Receiving Party agrees not to otherwise use the Confidential Information obtained hereunder in the absence of a written letter agreement with Disclosing Party. The Receiving Party further agrees to return to Disclosing Party all Confidential Information received hereunder upon written request therefore.
- C. The obligations hereunder remain in full force and effect until and unless: (a) the Receiving Party can show that such Confidential Information was in the Receiving Party's possession prior to the date of the disclosure by Disclosing Party; or (b) such Confidential Information was obtained by the Receiving Party after the date of this Agreement from a party other than Disclosing Party, and the receiving party has no knowledge that said party is under an obligation of confidentiality to the Disclosing Party with respect to such information; or (c) such Confidential Information becomes generally available to the trade, or to the public, through sources other than Receiving Party; or (d) such Confidential Information is developed at any time by the Receiving Party independent of information or materials disclosed by Disclosing Party to the Receiving Party.
- D. In the event that the Receiving Party is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information furnished by the Disclosing Party, it is agreed that the Receiving Party will cooperate with the Disclosing Party and provide the Disclosing Party with prompt notice of such request(s) or requirement(s) so that the Disclosing Party may seek an appropriate protective order, at its sole cost, or waive compliance by the Receiving Party with the provisions of this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder, the Receiving Party is nonetheless, in the opinion of the Receiving Party, legally required to disclose the Confidential Information forwarded by the Disclosing Party, the Receiving Party may disclose such information without liability hereunder, provided, however, that the Receiving Party shall disclose only that portion of such Confidential Information which it considers that it is legally required to disclose.

- E. Upon termination of this Agreement, or upon Disclosing Party's earlier request, Receiving Party shall promptly deliver to Disclosing Party all Confidential Information and any other material which Disclosing Party furnishes to Receiving Party in connection with this Agreement.

7. INTELLECTUAL PROPERTY

USI shall retain all title, copyright, patent, trademark, and all other intellectual property rights to all USI developed computer programs models and tools and to their output and to all USI developed methodologies and documents used in performance of the services under this agreement.

8. CONFLICTS OF INTEREST

USI shall report immediately to Client any circumstance in which USI is in a conflict-of-interest and cannot provide the services in accordance with the terms of this Agreement. Promptly thereafter, we shall meet and discuss in good faith what steps need to be undertaken with respect to the services and the provision thereof by USI.

9. PREMIUM /HANDLING OF FUNDS

Client shall provide immediately available funds for payment of premium by the payment dates specified in the insurance policies, invoices, or other payment documents. Failure to pay premium on time may prevent coverage from incepting or result in cancellation of coverage by insurers.

USI will handle any premiums you pay through us and any funds which we receive from insurers or intermediaries for payment or return to you in accordance with the requirements or restrictions of applicable state and federal laws and regulations.

In the ordinary course of business USI will receive and retain interest on premiums paid by Client from the date we receive the funds until we pay them to the insurers or their intermediaries, or until we return them to Client after we receive such funds.

10. SURPLUS LINES TAXES AND OTHER FEES

In the event that USI or a USI affiliate procures coverages for Client from a surplus lines insurance company, Client will be responsible for payment of surplus lines taxes on such coverage. Client will also be responsible for payment of fees or surcharges required by law. In all such cases, USI will endeavor to identify such taxes and fees to Client, but the liability for payment of these taxes, fees and surcharges is assumed by Client. USI will not under any circumstances pay, transmit or be responsible for the payment of any surplus lines tax or fee.

11. USI'S POLICY REGARDING COMPENSATION FROM INSURERS AND INTERMEDIARIES

As a licensed insurance producer, USI is authorized to confer with or advise our clients and prospective clients concerning substantive benefits, terms or conditions of insurance contracts, to sell insurance and to obtain insurance coverages for our clients. The Client agrees to pay compensation to USI for the placement of insurance pursuant to this written agreement. We may also receive from insurers and insurance intermediaries (which may include USI affiliated companies) additional compensation (monetary and non-monetary) based in whole or in part on the insurance contract we sell, which is contingent on volume of business and/or profitability of insurance contracts we supply to them and/or other factors pursuant to agreements we may have with them relating to all or part of the business we place with those insurers or through those intermediaries. Some of these agreements with insurers and/or intermediaries include financial incentives for USI to grow its business or otherwise strengthen the distribution relationship with the insurer or intermediary. Such agreements may be in effect with one or more of the insurers with whom the Client's insurance is placed, or with the insurance intermediary we use to place the Client's insurance. Such agreements do not affect or modify in any way USI's responsibilities to the Client. The Client may obtain information about the nature and source of such compensation expected to be received by USI, and, if applicable, compensation expected to be received on any alternative quotes pertinent to the Client's placement upon Client's request.

Generally speaking, USI will annually receive from the various insurers with which it places risks about 1% to 1.5% of its total annual premium placements as contingent compensation. Historically, such compensation has been computed based upon a variety of factors and variables, including but not limited to the loss history of Client's coverages, the volume of total coverages placed by USI with the insurer, the period of time over which the coverages were placed with the insurer, and other considerations. In any event, the Client is invited to obtain as much detail as it wishes from USI on the computation of the particular contingent compensation applicable to its placement.

12. REPORTING CHANGES IN EXPOSURE

Client shall promptly notify USI with respect to all material changes in exposure and all changes in loss-related information. USI shall promptly notify the affected insurance companies of such changes.

13. INSURER SOLVENCY

USI does not guarantee the solvency of any insurer with which it places Client's risks.

14. SEVERABILITY

If any part, term, or provision of this Agreement shall be found by a court to be legally invalid or unenforceable, then such provision or portion thereof shall be performed in accordance with applicable laws. The invalidity or unenforceability of any provision or portion of any

contract document shall not affect the validity of any other provisions or portion of this Agreement.

15. AGREEMENT CONSTRUED UNDER STATE LAWS

This Agreement is to be executed and performed in the State of Illinois and shall be construed in accordance with the laws of such State.

16. CHANGES TO BE IN WRITING

This Agreement may be amended only by a written agreement executed by both USI and Client.

17. WAIVERS

The failure of USI or Client to insist on strict compliance with this Agreement, or to exercise any right(s) hereunder shall not be construed as a waiver of any of the rights or privileges contained herein.

18. ENTIRE AGREEMENT

This Agreement contains the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements, arrangements and understandings between the parties, whether oral or written, with respect to its subject matter.

19. RECORD RETENTION

USI will retain its records of all matters relating to this Agreement in accordance with USI's record retention policy, (a copy of which will be made available to Client upon request), and all applicable laws and regulations.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT as of the day and year first above written.

CITY OF MOLINE

BY: _____
Name: _____
Title: Mayor

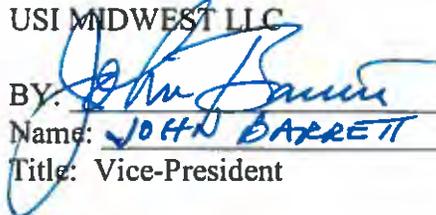
CITY OF MOLINE

BY: _____
Name: _____
Title: City Clerk

CITY OF MOLINE

BY: _____
Name: _____
Title: City Attorney

USI MIDWEST LLC

BY:  _____
Name: JOHN BARRETT
Title: Vice-President

Insurance Program 2016
Property, Casualty and Workers Compensation

Travelers Insurance	Limits (Occurrence/Aggregate)	SIR	2015 Premium	2016 Premium	Difference	% Difference
Auto Liability	\$1,000,000	\$50,000	\$75,646	\$82,044	\$6,398	8.5%
Catastrophic Property Damage-Public Works	\$3,500,000	\$25,000	\$22,212	\$23,202	\$990	4.5%
Catastrophic Property Damage-Police Department	\$500,000	\$25,000				
Property Damage - Vehicles over \$100,000	Replacement Cost	\$2,000/\$5,000				
Garagekeeper's (3 parking garages)	\$1,000,000	\$1,000/\$5,000 Comp				
Garagekeeper's (3 parking garages)		\$1,000 Collision				
Cyber Liability	\$1,000,000/\$1,000,000	\$5,000	\$5,952	\$9,335	\$3,383	56.8%
Employee Benefits	\$1,000,000/\$3,000,000	\$25,000	inc in G/L	inc in G/L		
Employee Practices Liability	\$1,000,000/\$2,000,000	\$100,000	\$54,542	\$54,542	\$0	0.0%
Excess (Umbrella)	\$10,000,000	\$10,000	\$79,686	\$85,740	\$6,054	7.6%
General Liability	\$1,000,000/\$2,000,000	\$100,000	\$119,919	\$120,335	\$416	0.3%
Liquor Liability	\$1,000,000	\$100,000	inc in G/L	inc in G/L		
Paramedics/Nurse Malpractice	\$1,000,000	\$100,000				
Law Enforcement Legal Liability	\$1,000,000/\$2,000,000	\$50,000	\$115,696	\$116,131	\$435	0.4%
Property	\$155,395,298	\$25,000	\$144,671	\$161,643	\$16,972	11.7%
Art	\$250,000/\$25,000 in transit	\$1,000				
Boiler & Machinery	\$133,700,941	\$25,000				
Computers	\$1,259,855	\$1,000				
Contractors/Inland Marine	\$3,120,913	\$5,000	\$14,503	\$14,337	-\$166	-1.1%
Crime	\$1,000,000	\$10,000	\$3,443	\$3,443	\$0	0.0%
Docks Ded. Ice/wind/hail \$25,000/Flood \$50,000	\$198,208	\$5,000	\$4,768	\$5,413	\$645	13.5%
Mine Subsidence	\$750,000	\$25,000				
Monies	\$25,000	\$1,000				
Papers	\$2,600,000	\$1,000				
Public Officials Legal Liability	\$1,000,000/\$2,000,000	\$25,000	\$44,283	\$46,013	\$1,730	3.9%
Terrorism Endorsement	Adds peril					
Travelers Total			\$685,321	\$722,178	\$36,857	5.4%
Safety National Insurance	Limits (Occurrence/Aggregate)	SIR	2015 Premium	2016 Premium	Difference	% Difference
Workers Compensation	Statutory Limit	\$750,000	\$70,826	\$77,292	\$6,466	9.1%
Police Officers & Firefighters		\$750,000				
Jones Act		\$750,000				
Employer's Liability	\$1,000,000	\$750,000				
USI (f/k/a Willis) Consulting Fee			\$5,000	\$5,000	\$0	0.0%
Grand Total			\$761,147	\$804,470	\$43,323	5.7%

CITY OF MOLINE

CONTRACT CHANGE ORDER

Project No. : 1217

Description: 2015 Sidewalk Replacement Program

Contractor : Emery Construction Group

Date : 17-Nov-15

Change Order No. : 1 FINAL

Sheet 1 of 1

WORK DAYS		CONTRACT	
Contract	NA	Original Contract	\$117,220.00
Changes	NA	Changes To-Date	\$52,366.32
Adjusted	NA	Adjusted Contract	\$169,586.32
% Change			44.7%

* Item	Description	Quantity	Unit	Price	Addition	Deduction
1	PCC Sidewalk 4"	959	SF	\$7.00	\$6,709.64	
2	Curb Removal	90	LF	\$15.00	\$1,347.15	
3	Exposed Aggregate 4" Sidewalk	44	SF	\$9.00	\$399.33	
4	Domestic Water Service Box to be Adjusted	-2	EA	\$50.00		(\$100.00)
5	Manhole to be Adjusted	2	EA	\$150.00	\$300.00	
6	Valve Box to be Adjusted	-1	EA	\$100.00		(\$100.00)
7	Aggregate Base	1,103	CF	\$5.00	\$5,514.70	
8	PCC Driveway Pavement	0	SY	\$10.00		(\$1.10)
9	Hot Mix Asphalt Surface Course	-10	TON	\$170.00		(\$1,700.00)
10	Detectable Warnings	196	SF	\$40.00	\$7,852.00	
11	Concrete Curb and Gutter Remove and Replace	279	LF	\$40.00	\$11,176.80	
12	PCC Sidewalk Ramp 6"	2,097	SF	\$10.00	\$20,967.80	
Totals					\$54,267.42	(\$1,901.10)
* Denotes new item added to contract						
Previous Changes =		\$0.00	Tot. Changes To-Date =		\$52,366.32	
Net Change					\$52,366.32	

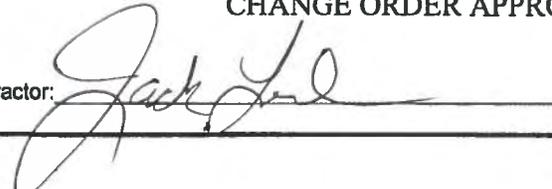
REASON FOR CHANGE

Reconciliation Change Order

1-12 Adjustments to final quantities are based off of field measurements

CHANGE ORDER APPROVAL

Contractor: _____



Date: 11-17-15

CITY OF MOLINE

CONTRACT CHANGE ORDER

Project No. : 1224

Description: 2015 Alley Reconstruction

Contractor : Walter D. Laud

Date : 10/29/15

CONTRACT	
Original Contract	\$139,860.50
Changes To-Date	\$2,345.12
Adjusted Contract	\$142,205.62
% Change	1.7%

Change Order No. : 1 and FINAL

Sheet 1 of 1

*	Item	Description	Quantity	Unit	Price	Addition	Deduction		
		UTILITY							
	1	GEOTECHNICAL FABRIC FOR GROUND STABILIZATION	9.7	SY	\$0.50	\$4.85			
	2	SEEDING SPECIAL COMPLETE	0	LSUM	\$500.00				
	3	AGGREGATE BASE COURSE TYPE B, 6"	9.7	SY	\$10.00	\$97.00			
	4	AGGREGATE SURFACE COURSE TYPE A, 6"	-34.9	SY	\$25.00		(\$872.50)		
	5	PORTLAND CEMENT CONCRETE PVMNT (SPECIAL), 7"	9.7	SY	\$52.00	\$504.40			
	6	P.C.C. DRIVEWAY PAVEMENT	11.4	SY	\$70.00	\$798.00			
	7	P.C.C. SIDEWALK, 4"	100	SF	\$13.00	\$1,300.00			
	8	EXPOSED AGGREGATE SIDEWALK	-15	SF	\$50.00		(\$750.00)		
	9	PAVEMENT REMOVAL	23.6	SY	\$14.00	\$330.40			
	10	DRIVEWAY PAVEMENT REMOVAL	1.6	SY	\$13.00	\$20.80			
	11	SIDEWALK REMOVAL	9.8	SF	\$2.00	\$19.60			
	12	MH TY A, SAN., FRAME W/CLOSED LID, 4' (SPECIAL)	0	EA	\$5,000.00				
	13	REMOVE AND REPLACE COMBINATION CON C&G	0.6	FOOT	\$43.00	\$25.80			
	14	TRAFFIC CONTROL COMPLETE	0	LSUM	\$1,500.00				
	15	REINSTALL ELECTRICAL SERVICE	-1	EA	\$300.00		(\$300.00)		
	16	SURFACE RESTORATION	0	LSUM	\$2,500.00				
*	17	Investigative dig and televising MH	1	LSUM	\$1,166.77	\$1,166.77			
						Totals	\$4,267.62	(\$1,922.50)	
Previous Changes =						Total Changes To-Date =	\$2,345.12	Net Change	\$2,345.12

REASON FOR CHANGE

- 1-16 Adjustments to final quantities are based off of field measurements
- 17 Extra work involved to locate buried manhole

CHANGE ORDER APPROVAL

Contractor: Walter D. Laud

Date: 11/19/15

CITY OF MOLINE CONTRACT

THIS AGREEMENT, made and concluded this _____ day of _____, A.D., 2015, between **SUPERIOR SEAWALLS & DOCKS, INC.** of **11900 315TH STREET COURT WEST, ILLINOIS CITY, IL 61259**, hereinafter referred to as the “CONTRACTOR,” and the CITY OF MOLINE, ILLINOIS, hereinafter referred to as the “CITY;”

WITNESSETH, that the CONTRACTOR for and in consideration of the payments to be made to it by the CITY in the amount of **ONE HUNDRED EIGHTY FIVE THOUSAND EIGHT HUNDRED TEN AND 00/100 (\$185,810.00) DOLLARS**, hereby covenants and agrees, to and with the CITY, that it shall and will in good and workmanlike manner, furnish all the labor and material for **PROJECT #1256, DREDGING AT MARQUIS HARBOR** as set out in the plans and specifications.

Such work to be under the direction and to the satisfaction of the City Engineer, and in accordance with the plans and specifications, which are a part of this contract. The work to be commenced not later than 10 days after the execution of this contract; to progress regularly and uninterruptedly after it shall have been begun excepting as shall otherwise be ordered by the City Council of the City of Moline (hereinafter referred to as the “City Council”), or its authorized representative, and shall be finished and fully completed within the timeframe set forth in the specifications; the time of commencement, rate of progress and time of completion being essential conditions of this contract; PROVIDED, however that if the time of the performance of the contract herein be for any reason either expressly or by implication extended, such extension shall not affect the validity of this contract.

The Contractor further agrees that the unit prices submitted are for the purpose of obtaining a gross sum, and for use in computing the value of extras and deductions; that if there is a discrepancy between the gross sum bid and that resulting from the summation of the quantities multiplied by their respective unit prices, the latter shall apply. When this contract shall be wholly carried out and

completed on the part of the Contractor, and when said work has been accepted by the City, a sum of money shall be computed by multiplying the following unit prices by the quantity of items completed, it being understood that the following total sum of money listed is for the purpose of determining the amount of the performance, labor, material and maintenance bond only. Such payment shall be made as provided for in the said specifications.

This Contract calls for the construction of a “public work” within the meaning of the Illinois Prevailing Wage Act, 820 ILCS 130/.01 et seq. (“the Act”). The Act requires contractors, subcontractors, and truckers to pay laborers, workers, and mechanics performing services on public works projects not less than the “prevailing rate of wages” (hourly cash wages plus fringe benefits) in the county where the work is performed. The prevailing wage rates for projects for the City of Moline required by Moline Special Ordinance 4023-2015 are updated monthly by the Illinois Department of Labor and may be found at:

http://www.illinois.gov/idol/Laws-Rules/CONMED/rates/2015/june/ROCK_ISL.htm.

All contractors, subcontractors, and truckers rendering services under this contract must comply with all requirements of the Act, including but not limited to, all wage, notice and record keeping duties. All contractors, subcontractors, and truckers shall keep an accurate record showing the names and occupations of all laborers, workers, and mechanics employed by them on this contract, and also showing the actual hourly wages paid to each of such persons and shall preserve their weekly payroll records for a period of three (3) years from the date of completion of the contract. Weekly certified payrolls shall be sent to the City Engineer.

For further information, please refer to the Illinois Department of Labor’s website at:
<http://www.state.il.us/agency/idol>.

It is further provided that the CONTRACTOR shall upon the sealing of this contract, file with the CITY a good and sufficient bond in the penal sum of **ONE HUNDRED EIGHTY FIVE THOUSAND EIGHT HUNDRED TEN AND 00/100 (\$185,810.00) DOLLARS** conditioned upon

the faithful performance and execution of the work covered by this contract according to the complete and detailed specifications and full and complete drawings, profiles and models therefore, and according to the terms and conditions of this contract, and conditioned also that the CONTRACTOR shall pay all debts incurred by said CONTRACTOR in the prosecution of such work, including those for labor and materials furnished. The CONTRACTOR further agrees to pay liquidated damages as set forth in the specifications for failure to complete the Project by the date specified.

IN WITNESS WHEREOF, the said Parties have executed these presents on the date above mentioned.

CONTRACTOR:

CITY:

CITY OF MOLINE, ILLINOIS

By: _____

By: _____

Mayor

Attest: _____

City Clerk

Approved as to form:

City Attorney

Date: _____

Date: _____

Performance Bond Attached

Certificate of Insurance Attached

CITY OF MOLINE, IL BID TABULATION

Bid Date and Time: November 24, 2015 11:00 a.m.

Project: 1256 - Dredging at Marquis Harbor

ITEM NO.	ITEM	APPROX QUANTITY	UNIT	Superior Seawalls & Docks, Inc.		Legacy Corporation of IL		Newt Marine Service	
				UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	Channel Excavation	8500	C.Y.	\$21.86	\$185,810.00	\$25.75	\$218,875.00	\$34.50	\$293,250.00
	TOTAL				\$185,810.00		\$218,875.00		\$293,250.00