

THE STATE OF TEXAS     §  
                                      §  
COUNTY OF HIDALGO     §

**ADDENDUM TO CONSULTING AGREEMENT BETWEEN THE COUNTY OF HIDALGO AND GALLAGHER**

THIS ADDENDUM is made and entered into this 11<sup>th</sup> day of February 2020, by and between Gallagher Benefits Services, Inc., ("Gallagher") and Hidalgo County Texas (the "Client") as an addendum to the Consulting Agreement ("Agreement") between Gallagher and Client entered into on or about the 11<sup>th</sup> day of February 2020. ("Addendum")

NOW, THEREFORE, in mutual consideration of the foregoing and the further consideration of the following, the parties hereto agree as follows:

1. **Engagement of Services.** The Client engages Gallagher as a professional consultant to provide the consulting services as more fully described in Exhibit A attached to this addendum to the Agreement and incorporated herein.
2. **Performance and Scope.**
  - (a) **Representations and Warranties.** Each party represents, warrants and covenants to the other that: (i) it has full power and authority to make, execute, deliver and perform its obligations under this Agreement; (ii) the performance of its obligations pursuant to this Agreement shall be in accordance with all applicable laws; (iii) this Agreement has been duly executed and delivered by an authorized representative of such party and constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (iv) there are no other agreements presently in force which would encumber or prevent either party's compliance with any terms of this Agreement.
  - (b) **Standard of Care.** Gallagher will perform its duties, responsibilities and obligations with the care, skill, prudence and diligence that a prudent employee benefits consultant acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims under the circumstances then prevailing. As appropriate, Gallagher will coordinate fiduciary review services and other related duties with the plan's claims administrator and/or insurance carrier(s). However, Gallagher generally does not accept any fiduciary duties or obligations with respect to a plan given that these are typically performed by the plan's claims administrator or insurance carriers.
  - (c) **Reliance.** In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by the Client.
  - (d) **No Practice of Law.** Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute the unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms herein, conform in all respects with applicable State and Federal laws and regulations (including BRISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

- (e) Subcontractors. Gallagher may cause another person or entity, as a subcontractor of Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.
- (f) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.
- (g) Acknowledgements. In connection with Gallagher's services under this Agreement, Client agrees that:
- (i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited ones to insure the Client's risks. The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.
- (ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.
- (iii) The compensation payable to Gallagher is solely for the services set forth under this Agreement, as detailed in Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of separate agreement covering the Additional Services.

**3. Confidentiality.** The following provisions will survive the termination of this agreement:

- (a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement ("Confidential Information"). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher's reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement. Unless prohibited by law, Gallagher shall provide Client with any such subpoena or order and an opportunity to object prior to disclosure. Furthermore, Gallagher will limit disclosure to that information required to be disclosed under the terms of the subpoena or order and will reasonably cooperate with Client (at Client's expense) to limit such disclosure.

## **EXHIBIT "A"**

### **SCOPE OF SERVICES**

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the following Services to Client on an "as needed" basis:

#### **RENEWAL ANALYSIS:**

- Review and evaluate carrier projections
- Prepare "shadow" renewal projection
- Create financial modeling reports using proprietary Apex software
- Coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop "working" rates for Client analysis and approval
- Assist with budget projections
- Provide renewal alternatives with cost impact of benefit plan changes

#### **PERIODIC PLAN FINANCIAL REPORTS: (FREQUENCY TO BE MUTUALLY AGREED UPON)**

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage:
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

#### **ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):**

- Executive summary of program expenses
- Comparison of current costs to renewal costs
- Incurred But Not Reported (IBNR) claims analysis
- Overview of specific Stop-loss projections
- Future plan costs projections
- Dollars saved by contract negotiation
- Percent of benefit dollars paid by employee
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

#### **CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:**

- Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- Manage the renewal process with the current carrier to control costs
- Implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications

- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data.
- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

#### **LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:**

- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- Provide general information and guidance to assist with compliance with BRISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

#### **DAY TODAY ADMINISTRATIVE ASSISTANCE**

##### **EMPLOYEE EDUCATION PROGRAMS:**

- Facilitate focus groups
- Monthly benefit communication directed to employees
- Educational meetings on coverage and trends

##### **COMMUNICATION MATERIALS:**

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and employee meeting materials
- Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- Assist with participant wellness initiatives, as directed by Client

##### **BENEFIT ADMINISTRATION ASSESSMENT:**

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan "best practices" to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

##### **MERGER AND ACQUISITION:**

- Project claim liability and cost implications of active employee health & welfare benefits plan integration or consolidation, as requested by Client

- Provide coverage comparison analysis and recommendations as to plan design, carrier selections and funding mechanisms
- Provide disruption analysis reports
- Assist with employee meetings to introduce integrated program( s) or plan changes

**MARKET BENCHMARKING STUDIES:**

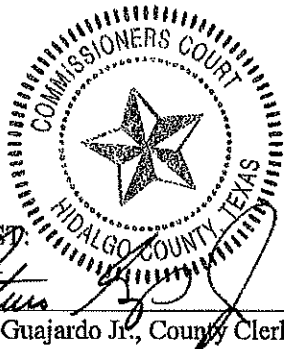
- Local Area Surveys
- Industry Surveys

**BENEFIT PLAN DESIGN (OR REDESIGN):**

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package -e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

- (b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. When required, the Client, as a representative of the health plans and Gallagher will enter into a separate Business Associate Agreement.
- (c) Use of Names: Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.
- (d) Aggregated Data. Gallagher shall own any non-identifying, aggregated and statistical data that might be derived from providing services to Client (the "Aggregated Data"). Nothing herein shall be construed as prohibiting Gallagher from utilizing the Aggregated Data for purposes of operating Gallagher's business. Gallagher shall not: (i) disclose to any third party any Aggregated Data that reveals Client's identity or its Confidential Information; or (ii) reveal the identity, whether directly or indirectly, of any individual whose specific data might be used by Gallagher on behalf of Client.

**EXECUTED** and effective as of the day and year first written above.



ATTEST:

*Arturo Guajardo Jr.*  
 Arturo Guajardo Jr., County Clerk

COUNTY OF HIDALGO

*Richard F. Cortez*  
 Richard F. Cortez, County Judge

APPROVED BY  
 COMMISSIONERS' COURT  
 ON: 2/11/20 *prb*

Company: Gallagher Benefit Services, Inc.  
 By: *Betty S. Guinn*  
 Printed Name: Betty S Guinn  
 Title: Area President

THE STATE OF TEXAS §  
COUNTY OF HIDALGO §

FILED  
AT 11:15 O'CLOCK A.M.  
FEB 27 2020  
ARTHUR GUERRERO, COUNTY CLERK  
HIDALGO COUNTY, TEXAS  
BY: [Signature] DEPUTY

**AGREEMENT FOR CONSULTING SERVICES**  
**C-19-221-02-11**

THIS AGREEMENT is made on the 11<sup>th</sup> day of February, 2020 by and between **THE COUNTY OF HIDALGO, TEXAS**, a political subdivision of the State of Texas (hereinafter "County"), and **Gallagher Benefit Services, Inc.** ("Consultant") to serve at the pleasure of the Hidalgo County Commissioner's Court.

**WITNESSETH:**

**WHEREAS**, County desires to contract with Consultant to perform the services necessary to the County of Hidalgo that are more specifically set forth hereinafter;

**WHEREAS**, Consultant has agreed to provide services enumerated hereinafter to County.

**NOW, THEREFORE**, for the mutual consideration expressed hereinafter, County and Consultant agree as follows:

1. Consultant agrees to provide the County with ongoing, as needed, **Consulting Services For Self-Funded Insured Group Health** (hereinafter "Service") as offered by Consultant. County has requested proposals from the consultants to assist the County in providing said Services. The Services include, but are not limited to, the items listed on Exhibit A, which is attached and made a part of this Agreement.
2. Consultant will report any problems or recommended changes in the performance of the Services to County.
3. For and in consideration of the Services to be rendered by the Consultant, as identified in Exhibit A, attached hereto, County agrees to pay Consultant the rates set forth in Exhibit B "Fee Schedule" attached hereto provided however. Payments to the Consultant for Services shall be payable against written invoice submitted by Consultant on or before the 30<sup>th</sup> day following receipt of the invoice.
4. Consultant must comply with all applicable County policies. Notwithstanding the foregoing sentence, Consultant represents and maintains that s/he is an independent Consultant and is not an employee of County or any agency thereof, and represents and warrants that s/he does not desire or request any fringe

benefits provided to employees to County. Consultant agrees to be responsible for any federal income tax, withholding or social security tax liability that might arise from payments received hereunder.

5. County may terminate this Agreement without cause upon thirty (30) days written notice at any time for any reason or no reason at all. In the event this Agreement is terminated without cause by County, but not otherwise any unpaid fees or compensation owing to Consultant at the time of termination under this Agreement will be due and payable to Consultant within thirty (30) days following the time of termination of the Agreement.

6. Consultant may not assign the obligations or rights under this Agreement to any person without the prior written consent of County.

7. Consultant agrees to comply with the Title VI of the Civil Rights Act of 1964, as amended.

8. The term of this Agreement shall commence upon execution of the Agreement by all parties, and will continue in force and effect for an initial term of one (1) year from the date of execution of the last party to execute the Agreement with the County's option to renew three (3) one (1) year terms ("the Expiration Date").

9. Notice. Except as may be otherwise specifically provided in this Agreement, all notices, demands, requests or communications required or permitted hereunder shall be in writing and shall be either be (i) personally against a written receipt, or (ii) sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the parties at the addressed set forth below, or at such other address as may have been theretofore specified by written notice delivered in accordance herewith.

If to County:                   **The County of Hidalgo**  
  **Attn: County Judge**  
  **100 E. Cano St., 2<sup>nd</sup> Floor**  
  **Edinburg, Texas 78539**

If to Consultant:               **Gallgher Benefit Services, Inc.**  
  **Attn: Nick Long, Area Vice President**  
  **1900 W Loop**  
  **Houston, TX 77027**

Each notice, demand, request or communication which shall be delivered or mailed in the manner described above shall be deemed sufficiently given for all purposes at such time as it is personally delivered to the

addressee or, if mailed, at such time at it is deposited in the United States mail.

10. Conflict with Applicable Law. Nothing in this Consultant shall be construed so as to require the commission of any contrary to law, and whenever this is any conflict between any provision of this Contract and any present or future law, ordinance or administrative, executive or judicial regulation, order or decree, or amendment hereof, contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the affected provision or provisions of this Contract shall be modified only to the extend necessary to bring them within the legal requirements and only during the time such conflict exists.

11. No Waiver. No waiver by County of any breach of any provision of this Contract shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. Entire Agreement. This Contract contains the entire Contract between the parties hereto, and each party acknowledges that neither has made (either directly or through any agent or representative) any representations or agreements in connection with this Contract not specifically set forth herein. This Contract may be modified or amended only by agreement in writing executed by County and Consultant and not otherwise.

13. Texas Law to Apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hidalgo County, Texas. The parties hereby consent to personal jurisdiction in Hidalgo County, Texas.

14. Additional Documents. The parties hereto covenant and agree that they will execute such other further instruments and documents as are or may become necessary or convenient to effectuate and carry out the terms of this Contract.

15. Successors. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrator, legal representatives, successors, and assigns where permitted by this Contract.

16. Assignment. This Agreement shall not be assignable; provided, however, that Consultant may assign its right to receive payments hereunder for the purpose of obtaining financing so long as Consultant is not excused from and/or does not delegate its duties hereunder.

17. Headings. The headings and captions contained in this Contract are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any provision or paragraph hereof.

18. Gender and Number. All pronouns used in this Contract shall include the other gender, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

19. Authority to Execute. The execution and performance of this Contract by County and Consultant have been duly authorized by all necessary laws, resolutions or corporate action, and this Contract constitutes and valid and enforceable obligations of County and Consultant in accordance with its terms.

20. Ethical Provision. It is understood that the employee of County or individuals acting as agents for County are not authorized to receive any type of personal payment, reimbursement, compensation, commission, gift or gratuity for services provided under this Contract. Consultant warrants that no employee or agent of the County has been retained to solicit or secure this Contract and that Consultant has not paid or agreed to pay and employee of County any fee, commission, percentage brokerage fee, gift or any other consideration contingent upon the making of this Contract, or as an inducement for entering into this Contract. The unauthorized offering or receipt of such payments may result in the immediate termination of this Contract.

21. Commitment of Current Revenues Only. In the event that, during any term hereof, the Commissioners Court does not appropriate sufficient funds to meet the obligations of the County under this Agreement, County may terminate this Agreement upon ninety (90) days written notice to Consultant. County agrees however, to use reasonable efforts to secure funds necessary for the continued performance of this Agreement. The parties intend this provision to be a continuing right to terminate this Agreement at the expiration of each budget period of County. *Agreements for the acquisition, including lease of real or personal property under Tex. Loc. Govt. Code §271.903:* In the event that, during any term hereof, the Commissioner's Court does not appropriate sufficient funds to meet the obligations of County under this Agreement, County may terminate this Agreement upon ninety (90) days written notice to Consultant. County agrees, however, to use a best efforts attempt to obtain and appropriate funds for payment of the

Agreement. The parties intend this provision, if applicable, to be a continuing right to terminate this Agreement at the expiration of each budget period of County in accordance with Tex. Loc. Govt. Code §271.903 (Vernon Supp. 1996).

**22. Indemnity and Hold Harmless.** Consultant agrees to indemnify and hold County harmless from any loss, costs, liabilities or damages which are incurred by County which are primarily attributable to the acts or omissions of Consultant or the acts or omissions of Consultant employees, agents or other representatives, including the violation of any law or regulation related to Consultant's duties under this Agreement.

**23. Representation and Warranties.** Consultant represents and warrants to County all representations and warranties made by Consultant are true and correct as of the date hereof. In the event any representation or warranty of Consultant hereunder is or becomes incorrect or untrue, Consultant agrees to promptly notify County thereof, in which event County may, in its sole discretion elect to terminate this Agreement, for cause, in the manner herein provided. Consultant acknowledges and agrees that County has relied and continues to rely upon the representations and warranties of Consultant as herein contained as a material inducement to County to enter into the Agreement.

**24. Insurance.** Consultant shall obtain and maintain insurance in the limits of liability for each of the types of insurance coverage identified as follows:

- (1) **Workers Compensation**, endorsed with a waiver or subrogation in favor of the County in accordance with the statutory obligations imposed by Worker's Compensation or Occupational Disease laws under the Texas Workers Compensation Law ("Statutory Texas")
- (2) **Commercial General Liability**, endorsed with the County as an additional insured and endorsed with a waiver of subrogation in favor of the County with limits of liability not less than one million dollars (\$1,000,000.00) combined single limit, each occurrence and in the aggregate for bodily injury and property damage.

- (3) **Texas Business Automobile Policy**, ~~endorsed with the County as an additional insured~~ and endorsed with a waiver of subrogation in favor of the County in limits of liability not less than two hundred fifty thousand dollars (\$250,000.00) per person and Five Hundred Thousand Dollars (\$500,000.00) per occurrence for bodily injury, and one hundred thousand dollars (\$100,000.00) each occurrence for property damage.
- (4) **Professional Liability** in limits of \$1,000,000.00 each claim and aggregate.

The Consultant covenants and agrees to maintain an insurance policy in the minimum limits of liability for each of the types of insurance coverage identified above. The Consultant shall furnish the County a certificate of insurance acceptable to County showing the said policies to be in full force and effect during the period of service, identified in numbered paragraph 8 hereto, for this Agreement. The completed County Certificate of Insurance shall be attached hereto and identified as APPENDIX "B"- County Certificate of Insurance. The Consultant will be considered in breach of agreement should the Consultant fail to maintain an insurance policy in the minimum limits of liability and requirements identified above while performing services for and under this Agreement, and will be subject to default and termination of this Agreement hereto.

25. **Immunities.** Nothing in this Agreement is intended to and County does not hereby waive, release or relinquish any right to assert any of the defenses County enjoys by virtue of the state or federal constitution, laws, rules or regulations, and any sovereign, official or qualified immunity available to County as to any claim or action of any person, entity, or individual against County.

26. **Nondiscrimination.** Consultant, including subcontractors, assignees and successors in interest, ensures that no person shall on the grounds of race, religion, color, national origin, sex, age, or disability, or any other protected class under law, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination or retaliation in any federally or non-federally funded program or activity when providing any services described herein under this contract/agreement. Contractor agrees to comply with the provisions and requirements of Title VI of the Civil Rights Act of 1964, and assurances therein, which are incorporated herein and made a part of this agreement for all purposes.

27. Required Contract Provision for Contracts Subject to Federal Award (if applicable). If applicable, Consultant agrees to abide by provisions of Appendix II to 2 CFR 200-Contract Provisions for non-Federal Entity Contracts under Federal Awards and required Federal Emergency Management Agency (FEMA) contract clauses which are incorporated herein and made part of this agreement for all purposes.

28. Confidentiality. Contractor, including, without limitation, its employees and agents, shall not disclose privileged or confidential communications or information acquired in the course of the performance of services under this Contract, unless authorized by law. Contractor agrees to safeguard and adhere to all confidentiality, privacy and security requirements according to this Contract and the applicable federal, State and local rules and regulations for all information deemed confidential. Release of information is subject to the provisions of the Texas Public Information Act (PIA).

29. Amendments. Any amendments to this Agreement will be effective only if in writing and signed by the County and Contractor.

[Signature Page to Follow]

EXECUTED and effective as of the date first written above.

COUNTY OF HIDALGO, TEXAS

By: Richard F. Cortez  
Richard F. Cortez, County Judge

COMMISSIONERS COURT  
ATTEST  
HIDALGO COUNTY, TEXAS  
Arturo Grajeda  
Arturo Grajeda, County Clerk

APPROVED BY  
COMMISSIONERS' COURT  
ON: 2/11/20

Gallagher Benefit Services, Inc.  
~~Arthur J. Gallagher & Co.~~

By: Betty S. Quinn  
Printed Name: Betty S. Quinn  
Title: Area President  
Date: 3/10/2020

APPROVED AS TO FORM:  
Hidalgo County Criminal District Attorney's Office  
Ricardo Rodriguez Jr.,

By: Robert Viña, Assistant Criminal District Attorney

APPROVED BY COMMISSIONERS COURT: Feb. 11, 2020