

**Region 4 ESC Cooperative
for Section 125 Plan Services and Supplemental Insurance Products**

INTER-LOCAL AGREEMENT

Between _____ (the "District/Agency")
and
Regional Education Service Center 4 ("Region 4 ESC")

This Inter-local Agreement ("Agreement") is made and entered into by and between the District, a public school district in the State of Texas, and Region 4 ESC as provided below.

1. This Agreement is effective _____ ("Effective Date") the term of this Agreement shall be one year. This agreement shall continue unchanged for successive twelve-month periods following the Term unless either party gives written notice to the other party of the intent to terminate prior to ninety (90) days before the end of the Term.
2. The District shall not, without first obtaining the written consent of Region 4 ESC, assign this Agreement in whole or in part.
3. This Agreement sets forth the complete understanding by and between the District and Region 4 ESC and supersedes any prior written or oral agreements between them related to the services described herein.
4. This Agreement is fully performable in the State of Texas and will be construed under the laws of the State of Texas. Venue for any disputes or conflicts involving this Agreement shall be in State district court of competent jurisdiction in Harris County, Texas.
5. Authority for this Agreement and the provision of services herein listed is granted under sections 791.001 through 791.015 and 791.025 of the Local Government Code, V.T.C.A. as amended. The purpose of this Agreement is to participate in a cooperative to obtain substantial savings for member school Districts through volume purchasing.
6. This Agreement has been approved and authorized by the governing body of the District. Any individual signing this Agreement on behalf of a District represents and warrants in his/her individual capacity that he/she has full authority to sign on behalf of the District.
7. The District will do such further acts, including executing and delivering additional agreements or instruments, as Region 4 ESC may reasonably request, to carry out the purposes of this Agreement.
8. If the District is paying for the performance of governmental services under this Agreement, the District must make those payments from current revenues available to that District.
9. The District agrees to abide by the decisions of Region 4 ESC regarding the Products to be offered in the Program. The District further agrees to replace all such similar Products it currently offers to its Employees or pays for and provides for its Employees as of the Effective Date. This shall not restrict the District's Employees from purchasing such Products, but the District agrees not to allow the premiums for such Products to be paid either through the District's Section 125 Cafeteria Plan or through payroll deduction. In the event that the Employer has a contract with a Product provider, the Employer agrees to cancel such contract at the next date allowable under such contract. If the contract cannot be canceled, then the Product offered under such contract will be discontinued upon the expiration of the contract. The District and Region 4 ESC hereby agree to the following exceptions to this Section 9: None.
10. The District agrees to accept all contracts, agreements and other documents ("Contracts") related to the Program as are currently in use and shall have no right to change any of the Contracts. Copies of each of the Contracts that have been executed by Region 4 ESC shall be provided to the District upon request.

11. The District hereby agrees that each of the Service Providers shall be paid in accordance with their Contracts as listed in the "Statement of Services to be Performed" below. Region 4 ESC shall be paid a fee of \$.40 per eligible employee in the District for performing the services listed in the "Statement of Services to be Performed" below and in accordance with its Contract and this Agreement.

Statement of Services to be Performed

Description of the 125 Solution Program (the "Program")

The Program will offer products and services to Participating Districts that include the following:

1. Supplemental Insurance Products that will include the products listed below.
 - a. Disability Income Insurance
 - b. Dental Insurance
 - c. Vision Insurance
 - d. Group Term Life Insurance
 - e. Long Term Care Insurance
 - f. Group Legal Insurance
 - g. Cancer Insurance
 - h. Heart/Stroke Insurance
 - i. Individual Life Insurance
 - j. Critical Illness Insurance
2. 125 Cafeteria Plan Flexible Spending Accounts using a Visa or MasterCard debit card to deliver claim payments for medical and dependent care expenses
3. All other full 125 Cafeteria Plan administration
4. Common remitter service for paying billings from insurance companies and/or 403(b) vendors
5. Full website enrollment of all of the District's employee benefit plans, including the group medical plan
 - a. Paperless delivery of benefits
 - b. Upload data to payroll electronically
 - c. Electronically transfer data to vendors
6. Enrollment services and management
7. Consulting on plan compliance and products

The Program will (a) charge a specific fee for each service, that is disclosed to the Participating District, (b) all commissions will be paid to Paragon National, LP ("Paragon") which will be the "agent of record" for the products, with records open to the Participating District, (c) the Service Providers will be paid a fee by Paragon National, LP in return for their work that will be substantial and ongoing.

Region 4 ESC has selected Paragon as its agent of record for the purposes of administering the program. Paragon will perform all the services of an agent, either directly or through service providers. Paragon will be compensated for acting as the Program's agent by receiving commissions from participating insurers. Paragon will be responsible for paying the other service providers who perform services for the program that will be substantial and on going from its commissions. Paragon may also hire one or more Marketing Districts to help promote the Program.

In order to deliver the Program through an interlocal agreement, all of the supplemental insurance products listed above will be subject to a competitive bidding process each three years, purchased through an interlocal agreement in which the District participates, and/or purchased through an interlocal agreement in which a Participating District participates if such interlocal agreement is approved by the District. Supplemental products may also be replaced as needed to replace insurance companies that either withdraw from the Program or that fail to meet service requirements.

The goal of the competitive bidding process and participation in other interlocal agreements as described above will be to secure three (3) or more companies to deliver each of the supplemental insurance products. Districts will then be able to choose the products they want for their Employees from the list of winning bidders. The goals of the Program with regard to the supplemental insurance products are to first obtain the best combination of services and rates for participating Employees and second to obtain the revenue necessary to pay the cost of delivering the Program.

Region 4 ESC will act as the Coordinating Agency to deliver the Program to other participating school districts and other agencies through an inter-local agreement. Region 4 ESC will perform the following services in the Program:

- a. Market and promote the Program to potential Participating Districts.
- b. Oversee the development of the RFP to obtain Product Providers for the Program.
- c. Oversee the evaluation of the responses of the Product Providers to the RFP and make the final selection of the Product Providers to be awarded contracts.
- d. Oversee the work of the Consultant, the other Service Providers and the Product Providers in meeting the needs of Participating Districts in the Program.
- e. Obtain an inter-local agreement from each Participating District in the Program and a contract with the Participating District to perform services in the Program in order to be paid a fee.
- f. Provide administrative support to the Program and Consultant as needed.
- g. Assist Participating Districts with advice regarding payroll systems issues and financial issues relating to the Program.

TCG Consulting, LP will coordinate the bidding process, the work of all of the Service Providers and delivery of the services. TCG Consulting, LP is an employee benefits consulting company that is affiliated with Paragon.

Website services and third party administration services are provided by JEM Resource Partners, LP. JEM Resource Partners, LP is a licensed third party administrator in Texas and is an affiliate of TCG Consulting, LP and Paragon.

The Program will be delivered by Service Providers under contract with Region 4 ESC and Region 4 ESC may replace such Service Providers at its sole discretion.

Role of the District/Agency:

1. Commit to participate in the Program as indicated by an authorized signature in the appropriate space below.
2. Designate a contact person for Region 4 ESC and Program managers.
3. Commit to purchase the services designated herein.
4. Accept the services from vendor(s) in accordance with standard purchasing procedures of the District/Agency.
5. Pay vendor(s) in a timely manner for all goods and services received, which shall include timely forwarding of participating Employees' payroll deduction contributions to the Plan.
6. Allow Employees access to the Program.
7. Perform the services listed below in return for a fee of \$4.00* per District/Agency Employee eligible to participate in the Program per month, as described in the "Statement of Services to be Performed" above.
 - a. Provide required payroll data to other Service Providers by creating an electronic file in a format mutually agreeable to Service Providers and District/Agency.
 - b. Accept required payroll data from other Service Providers in an electronic file in a format mutually agreeable to Service Providers and District/Agency.
 - c. Provide required payroll data to Product Providers by creating an electronic file in a format mutually agreeable to Product Providers and District/Agency.
 - d. Accept required payroll data from Product Providers in an electronic file in a format mutually agreeable to Product Providers and District/Agency.

- e. Require and support enrollment of participants in the Program through a website enrollment system established and maintained by the Third Party Administrator.
- f. Provide workspace, telephone, computer support and office supplies to the employee of the Enrollment Company assigned to the District/Agency on a full or part-time year-round basis. The cost of telephone, computer support and office supplies may be limited by agreement between the District/Agency and the Enrollment Company.
- g. Provide workspace and access to Employees for the other Service Providers in the Program for the purpose of educating Employees about the products and services available in the Program and to allow such Employees to enroll on a voluntary basis in the Program.
- h. Use its staff and other resources to make its best efforts to educate Employees about the products and services available in the Program so that Employees may enroll on a voluntary basis in the Program.

*Fee is to be paid from the Program of each participating District. Commissions from the products offered in the Program shall be paid to the Agent. The fees of each participating Service Provider noted above shall be paid to such Service Provider by the Agent. The Agent reserves the right to adjust the fees of any Service Provider to protect the financial solvency of the Program.

Authorization:

The District/Agency signing below hereby affirms its approval of the terms of this Agreement, agrees to abide by the terms of said Agreement and agrees to approve the use of the current service providers, to the extent that the District/Agency uses the applicable service(s). Region 4 ESC signing below hereby affirms its agreement to deliver the Program and Products described in this Agreement and to abide by all other terms of this Agreement.

By _____
 Authorized District/Agency Official's Signature

 District/Agency Officials' Title

 Date

 Contact Person

 Title of Contact

 Telephone Number

 Street Address

 City, State

 E-mail Address

 Telephone Number

By _____
 Authorized Region 4 ESC Official's Signature

 Region 4 ESC Official's Title