



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda - Final

City Council

Tuesday, March 28, 2017

6:00 PM

Council Chambers

Special Meeting

SPECIAL MEETING AGENDA - 6:00 PM

I. CALL TO ORDER

II. ROLL CALL

III. UNFINISHED BUSINESS

1. [Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement \(Postponed from Regular Meeting of March 21, 2017\)](#)

IV. RESOLUTIONS

1. [#17-10 - Authorizing the Subordination and Consent with Crowley Petroleum Distribution Inc. for the Lease of a 7,430 Square Foot Portion of USS 495 \(Postponed from Regular Meeting of March 21, 2017\)](#)

V. ADJOURNMENT



Agenda Statement

File #: 17-0171 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 3/24/2017 **In control:** City Council

On agenda: 3/28/2017 **Final action:**

Title: Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement (Postponed from Regular Meeting of March 21, 2017)

Sponsors:

Indexes:

Code sections:

Attachments: [Renewal Summary & Exhibits.pdf](#)
[One Ditigal Client Services Consulting Agreement \(002\).pdf](#)
[City BAA \(002\).pdf](#)

Date	Ver.	Action By	Action	Result
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ITEM TITLE:

Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement (*Postponed from Regular Meeting of March 21, 2017*)

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: \$3,025,059

Unencumbered Balance: \$3,187,500

Funding Source: Distributed among all departments with personnel in "benefits" code 41300

RECOMMENDATION:

Approve the annual plan renewal and broker contract for twelve months beginning April 1, 2017, and the Business Associate Agreement.

SUMMARY STATEMENT:

Council postponed action on this item during their regular meeting of March 21, 2017

The 2017-2018 plan renewal contains a **4.38% increase** in *total expected cost*, which is the basis of the City's payroll deductions and monthly premiums. The bulk of this increase (65%) is driven by increased prescription drug costs and utilization. The rest of the increase is split evenly between stop-loss premiums, dental

coverage, and plan administration.

The Broker's fee is unchanged from 2016-2017, and is articulated in a separate attached contract.

The 2017 City Budget assumed a 7.5% annual increase, which is effectively a 10% increase when pro-rated for a partial year, as the plan renews in April. Staff anticipates a \$162k surplus *carry-forward* in calendar 2018 resulting from this variance. Any variance between the *total expected cost* and *total actual cost* will be reflected in changes to the *health insurance reserve* balance.

The **Valdez City Schools renewal contains a 1.14% increase**, driven primarily by increases to dental coverage and stop-loss premiums, roughly equally.

The *Business Associate Agreement* articulates the City's and Broker's obligations under the Health Insurance Portability and Accountability Act of 1996. This is an update to a preexisting contract which is revised to reflect the broker's relationship with *One Digital*.

The broker contract and the Business Associate Agreement have been reviewed by the City Attorney.

Craig Kestran will join the meeting by telephone to answer council questions.



Agenda Statement

File #: RES 17-0010 **Version:** 1
Type: Resolution **Status:** Agenda Ready
File created: 3/14/2017 **In control:** City Council
On agenda: 3/28/2017 **Final action:**
Title: #17-10 - Authorizing the Subordination and Consent with Crowley Petroleum Distribution Inc. for the Lease of a 7,430 Square Foot Portion of USS 495 (Postponed from Regular Meeting of March 21, 2017)

Sponsors:

Indexes:

Code sections:

Attachments: [Crowley Subordination Lease Resolution.pdf](#)
[Landlord Waiver.Fuel Dock Lease..2017-03-22.Parag 12 Revisions 03.23.17 ...](#)

Date	Ver.	Action By	Action	Result
3/21/2017	1	City Council		

ITEM TITLE:

#17-10 - Authorizing the Subordination and Consent with Crowley Petroleum Distribution Inc. for the Lease of a 7,430 Square Foot Portion of USS 495 (*Postponed from Regular Meeting of March 21, 2017*)

SUBMITTED BY: Lisa Von Bargaen, CED Director

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Approve Resolution #17-10 Authorizing the Subordination and Consent with Crowley Petroleum Distribution Inc. for the Lease of a 7,430 Square Foot Portion of USS 495.

SUMMARY STATEMENT:

Council postponed action on this agreement during their regular meeting of March 21, 2017, pending revisions to Paragraph 12D. That section of the agreement listed two different jurisdictions (Alaska and New York) for addressing some claims. The City attorney, Tony Guerriero, provided amendments to Paragraph 12D. The Crowley attorney reviewed and accepted those changes. The revised document is before Council for review and approval. The remaining portion of this agenda statement remains unchanged from the March 21st meeting.

The City of Valdez leases a 7,430 square foot portion of USS 495 to Crowley for the north fuel dock in the Valdez Small Boat Harbor. The original term of the lease is for 21 years beginning in 2001 and ending in 2022. The lease also has six, five-year renewal options.

Crowley has recently undergone a financial transaction related to the infrastructure on the lease property. The lending institution requires the City take what is called a subordinate position with regard to the improvements on the leased area. Essentially this means the improvements are collateral on a loan Crowley holds. If Crowley defaults on the loan the bank has first right to the improvements to cure the default. The City takes a subordinate position to the bank for the improvements in case Crowley is delinquent on lease rental payments in addition to defaulting on the loan.

The City attorney reviewed the Subordination and Consent document. Changes were made and Crowley's legal department accepted the changes. Subordination agreements such as this are a fairly regular occurrence. This is really a housekeeping matter as any change to a lease requires Council approval.

All other existing terms and conditions of the lease remain in full force and effect. A copy of the Subordination and Consent document is attached for Council reference. The resolution authorizing the subordination is also attached to this agenda statement.

Valdez City & School District 2017-2018 Renewal

Attached please find the renewal exhibits for the 2017-2018 Plan Year.

Exhibit I A-C shows the Claims Experience in the most recent 12 months for the group combined as well as the City and the School District separately. Combined the claims are slightly higher in the most recent 12 months than the prior 12 months with the overall claims cost for Medical and RX increasing from \$1195 PEPM to \$1360.30 PEPM. Dental claims also went up from \$ \$108.69 PEPM to 120.00. Vision Claims decreased slightly from \$44.48 PEPM to \$39.65 PEPM. This is to be expected with a slight increase in population from an average of 218 to 221 employees.

Even with the increase in claims the group's overall loss ratio is 72% of Expected Costs and 58% of Maximum Costs in the first 10 months of the plan year. There are currently 4 claims which have exceeded \$62,500 or 50% of the Specific Deductible and no claims have exceeded the Individual Stop Loss Deductible of \$125,000.

Group	Status	Total Paid	Over Stop Loss
127	Complete	\$94,531.57	\$0.00
127	Slowing	\$113,160.88	\$0.00
127	Ongoing	\$63,764.93	\$0.00
27	Ongoing	\$70,987.84	\$0.00
	Totals	\$342,445.22	\$0.00

With this combination of low claims over the past 2 years we were able to negotiate very favorable renewal rates with the Stop Loss Carrier, HCC Life,

HCC Life came down to a 2.53% overall increase as shown in **Exhibits II A&B**.

The Specific Stop Loss Premium is only increased by 6.4% from \$244.09 to \$259.71 for an increase of \$15.62 PEPM. This increase is well below the current trend rates of 12% to 15%.

The Aggregate premium was originally quoted with a 9.38% increase which we were able to negotiate down to a 4.8% increase or \$0.37 PEPM.

By leveraging the past history of the group we were able to keep the claim factor increase at a minimal 1.7% or 34.77 PEPM.

The only additional increases are reflected in the administrative costs.

- ✓ BridgeHealth has increased their administrative fee from \$.05 PEPM to \$1.50 PEPM.
- ✓ The City of Valdez has stepped up their wellness plan from Jog to Run, for an additional \$1.65 PEPM.

Based on this we have spread the renewal offer at \$125,000 Specific Stop Loss Deductible for the experience of both the City and the School District.

The final rates for the City are \$2,399.58 PEPM compared to the prior year of \$2300.84 PEPM, an overall rate change of 4.29%, as shown in **Exhibits II C&D**.

The final rates for the School District are \$2,716.89 PEPM compared to the prior year of \$2,691.54 PEPM, an overall rate change of .94%, as shown in **Exhibits II E&F**.

Exhibit III provides a history of the plans Stop Loss Ratio by comparing claims in excess of the Stop Loss Deductible to Stop Loss Premium. Although there have been a few years with high loss ratios, above 75%, overall the loss ratio for the last 9 years is favorable at 48.39%

Exhibits IV-A & B show plan changes allowable within the ACA guidelines for Grandfathered Plans. Deductibles and coinsurance limits may be increased based on “Medical Inflation” from March 2010. This allowable increase is cumulative, and not on an annual basis.

Employer Contributions can also be adjusted so long as the ***Employer Contribution is not reduced more than 5% from what it was in March 2010***, when the Affordable Care Act took effect.

Included is a list of items that would trigger the loss of Grandfather Status and a listing of the items that must be included in a Non-Grandfathered Plan.

We have had discussions with both the City and School District this year regarding alternative plan models and other cost saving measures. Please let us know if you have any additional questions

We look forward to continuing to serve both the City of Valdez and the Valdez City School District.

Craig Kestran
Employee Benefit Manager
Insurance Brokers of Alaska
907-564-6143

Diana Stewart, RHU, CEBS
Executive Benefits Consultant
Digital Insurance
907-564-6140

AUIB Renewal Projection for City of Valdez and Schools Effective 4/1/17

Current Plan

Aggregate Factor Calculation

Latest 12 Months
February 2016 - January 2017

Months

	Employees		Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>	
February	218	261,459	33,412	5,775	
March	221	770,607	28,152	23,603	
April	222	175,047	24,975	3,336	
May	222	331,380	19,861	10,682	
June	221	553,826	26,051	11,005	
July	217	108,562	25,843	4,024	
August	214	412,202	33,603	5,775	
September	223	241,472	20,832	7,837	
October	221	153,437	26,434	4,336	
November	220	260,231	34,895	12,572	
December	221	170,210	21,886	11,092	
January	226	160,909	21,567	4,869	
Total	2,646	3,599,342	317,511	104,906	
Monthly Average*	221	299,945	26,459	8,742	

Previous 12 Months
February 2015 - January 2016

	Employees		Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>	
224	187,380	25,120	7,828		
222	272,842	26,387	13,066		
220	257,050	25,683	8,162		
219	141,869	30,173	10,451		
217	500,923	26,565	15,013		
210	176,232	23,010	3,684		
210	187,634	16,348	8,620		
216	335,697	18,965	11,458		
218	207,527	20,791	5,939		
219	195,769	26,625	6,051		
219	412,002	22,341	5,557		
218	248,520	21,894	20,361		
Total	2612	3,123,445	283,902	116,190	
Monthly Average	218	260,287	23,659	9,683	

	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
Average Claims Per EE Per Month	1,360.30	120.00	39.65

Weighted Average (Med & Rx)	1360.30 (.75) + 1195.81 (.25) =	1,319.17
Trend 11% per year @ 14 Months	x 1.1283	
Monthly Expected Claim Factor (Med & Rx)		1,501.22

Weighted Average (Dental)	120.00 (.75) + 108.69 (.25) =	117.17
Trend 4% per year @ 14 Months	x 1.0467	
Monthly Expected Claim Factor (Dental)		123.03

Weighted Average (Vision)	39.56 (.75) + 44.48 (.25) =	40.86
Trend 1% per year @ 14 Months	x 1.0117	
Monthly Expected Claim Factor (Vision)		41.39

* Eligibility Lagged 1 Month

Projection for 2017- 2018

Expected Claims	Medical & Rx	1,501.22
	Dental	123.03
	Vision	41.39
	Total	1,665.64
Maximum Claims	Medical & Rx	1876.52
	Dental	123.03
	Vision	41.39
	Total	2040.94

AUIB Renewal Projection for the City of Valdez Effective 4/1/17

Current Plan

Aggregate Factor Calculation

Latest 12 Months
February 2016 - January 2017

Months	Employees	Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
February	107	86325	18755	2033
March	109	447666	11569	7229
April	110	92705	10198	1658
May	109	126427	8471	1566
June	109	205285	6344	3662
July	109	55895	9737	1293
August	109	175308	18264	816
September	109	118068	14201	4137
October	107	58230	10843	2025
November	106	94766	18748	4607
December	105	70867	13314	2443
January	107	71226	9623	2577
Total	1296	1,602,768	150,067	34,046
Monthly Average*	108	133,564	12,506	2,837

Previous 12 Months
February 2015 - January 2016

	Employees	Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
	112	53200	8691	3259
	110	113789	10517	4066
	108	171362	9333	3060
	106	54817	14161	6029
	104	264493	9905	3392
	106	73325	9608	2574
	106	76679	6313	2874
	105	152098	12251	3327
	106	104107	9054	2477
	106	107897	16928	1185
	106	184650	11563	2857
	107	113024	12321	13514
Total	1282	1,469,441	130,645	48,614
Monthly Average*	107	122,453	10,887	4,051

	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
Average Claims Per EE Per Month	1,236.70	115.79	26.27

Weighted Average (Med & Rx)	1236.70 (.75) + 1146.21 (.25) =	1,214.08
Trend 11% per year @ 14 Months	x	1.1283
Monthly Expected Claim Factor (Med & Rx)		1,381.62

Weighted Average (Dental)	115.79 (.75) + 101.91 (.25) =	112.32
Trend 4% per year @ 14 Months	x	1.0467
Monthly Expected Claim Factor (Dental)		117.94

Weighted Average (Vision)	26.27 (.75) + 37.92 (.25) =	29.18
Trend 1% per year @ 14 Months	x	1.0117
Monthly Expected Claim Factor (Vision)		29.56

* Eligibility Lagged 1 Month

Projection for 2017- 2018

Expected Claims	Medical & Rx	1,381.62
	Dental	117.94
	Vision	29.56
	Total	1,529.12
Maximum Claims	Medical & Rx	1727.03
	Dental	117.94
	Vision	29.56
	Total	1874.53

AUIB Renewal Projection for Valdez City Schools Effective 4/1/17

Current Plan

Aggregate Factor Calculation

Months	Latest 12 Months February 2016 - January 2017			
	Employees	Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
February	111	175,134	14,657	3,742
March	112	322,941	16,583	16,374
April	112	82,342	14,777	1,678
May	113	204,953	11,390	9,116
June	112	348,541	19,707	7,343
July	108	52,667	16,106	2,731
August	105	236,894	15,339	4,959
September	114	123,404	6,631	3,700
October	114	95,207	15,591	2,311
November	114	165,465	16,147	7,965
December	116	99,343	8,573	8,650
January	119	89,683	11,944	2,292
Total	1,350	1,996,574	167,445	70,861
Monthly Average*	113	166,381	13,954	5,905

	Previous 12 Months February 2015 - January 2016			
	Employees	Claims		
	<u>Total</u>	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
	112	134,180	16,429	4,569
	112	159,053	15,870	9,000
	112	85,688	16,350	5,102
	113	87,052	16,012	4,422
	113	236,430	16,660	11,621
	104	102,907	13,402	1,110
	104	110,955	10,035	5,746
	111	183,599	6,714	8,131
	112	103,420	11,737	3,462
	113	87,872	9,697	4,866
	113	227,352	10,778	2,700
	111	135,496	9,573	6,847
Total	1330	1,654,004	153,257	67,576
Monthly Average	111	137,834	12,771	5,631

	<u>Med & Rx</u>	<u>Dental</u>	<u>Vision</u>
Average Claims Per EE Per Month	1,478.94	124.03	52.49
Weighted Average (Med & Rx)	1478.94 (.75) + 1243.61 (.25) =		
Trend 11% per year @ 14 Months	x 1.1283		
Monthly Expected Claim Factor (Med & Rx)	1,616.09		
Weighted Average (Dental)	124.03 (.75) + 115.23 (.25) =		
Trend 4% per year @ 14 Months	x 1.0467		
Monthly Expected Claim Factor (Dental)	127.92		
Weighted Average (Vision)	52.49 (.75) + 50.81 (.25) =		
Trend 1% per year @ 14 Months	x 1.0117		
Monthly Expected Claim Factor (Vision)	52.75		

* Eligibility Lagged 1 Month

Projection for 2017 - 2018

Expected Claims	Medical & Rx	1,616.09
	Dental	127.92
	Vision	52.75
	Total	1,796.76
Maximum Claims	Medical & Rx	2020.11
	Dental	127.92
	Vision	52.75
	Total	2200.78

City of Valdez and Valdez City Schools Combined 2017 - 2018 Renewal Summary

Renewal Options

	2016-2017	2017-2018	
	Costs	Costs	Percent Change
Specific Deductible	125,000	125,000	
Administration / Meritain Inc BH	29.95	31.40	4.84%
Consult & Doc/Healthy Merits (city only)	5.90	7.55	N/A
Utilization Review / MRC	2.45	2.45	0.00%
Broker / AUIB	10.25	10.25	0.00%
Specific Premium / HCC Life	244.09	259.71	6.40%
Aggregate Premium / HCC Life	9.06	9.43	4.08%
Total Fixed Costs	301.70	320.79	6.33%
Expected Claims			
Medical & Rx	1,636.30	1,664.12	1.70%
Dental Expected Claims	113.50	123.03	8.40%
Vision Expected Claims	41.53	41.39	-0.34%
Total Expected Cost	2,093.03	2,149.33	2.69%
Maximum Claims			
Medical & Rx	2,045.38	2,080.15	1.70%
Dental Maximum Claims*	113.50	123.03	8.40%
Vision Maximum Claims*	41.53	41.39	-0.34%
Total Maximum Cost	2,502.11	2,565.36	2.53%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

EXHIBIT II-A

**City of Valdez and Valdez City Schools Combined
2017 - 2018 Renewal Summary**

OVERALL RENEWAL

HCC / Meritain \$125,000 Specific SL

	2016-2017	2017-2018	
	Costs	Costs	Percent Change
Specific Deductible	125,000	125,000	N/A
Fixed Costs	301.70	320.79	6.33%
Expected Claims			
Medical & Rx	1,636.30	1,664.12	1.70%
Dental Expected Claims	113.50	123.03	8.40%
Vision Expected Claims	41.53	41.39	-0.34%
Total Expected Cost	2,093.03	2,149.33	2.69%
Maximum Claims			
Medical & Rx	2,045.38	2,080.15	1.70%
Dental Maximum Claims*	113.50	123.03	8.40%
Vision Maximum Claims*	41.53	41.39	-0.34%
Total Maximum Cost	2,502.11	2,565.36	2.53%
Total Monthly Expected Cost (238 Empls)	498,142.09	511,540.54	2.69%
Total Monthly Maximum Cost (238 Empls)	595,502.18	610,555.68	2.53%
Total Annual Expected Cost (238 Empls)	5,977,705.10	6,138,486.48	2.69%
Total Annual Maximum Cost (238 Empls)	7,146,026.16	7,326,668.16	2.53%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

EXHIBIT II-B

**City of Valdez
2017 - 2018 Renewal Summary**

	Renewal Options	
	2016-2017	2017-2018
	Costs	Costs Percent Change
Specific Deductible	125,000	125,000
Administration / Meritain Inc BH	29.95	31.40 4.84%
Consult & Doc/Healthy Merits (city only)	5.90	7.55 N/A
Utilization Review / MRC	2.45	2.45 0.00%
Broker / AUIB	10.25	10.25 0.00%
Specific Premium / HCC Life	244.09	259.71 6.40%
Aggregate Premium / HCC Life	9.06	9.43 4.08%
Total Fixed Costs	301.70	320.79 6.33%
Expected Claims		
Medical & Rx	1,475.29	1,531.50 3.81%
Dental Expected Claims	113.50	123.03 8.40%
Vision Expected Claims	41.53	41.39 -0.34%
Total Expected Cost	1,932.02	2,016.71 4.38%
Maximum Claims		
Medical & Rx	1,844.11	1,914.37 3.81%
Dental Maximum Claims*	113.50	123.03 8.40%
Vision Maximum Claims*	41.53	41.39 -0.34%
Total Maximum Cost	2,300.84	2,399.58 4.29%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

City of Valdez
2017 - 2018 Renewal Summary
CITY RENEWAL

HCC / Meritain \$125,000 Specific SL

	2016-2017	2017-2018	
	Costs	Costs	Percent Change
Specific Deductible	125,000	125,000	N/A
Fixed Costs	301.70	320.79	6.33%
Expected Claims			
Medical & Rx	1,475.29	1,531.50	3.81%
Dental Expected Claims	113.50	123.03	8.40%
Vision Expected Claims	41.53	41.39	-0.34%
Total Expected Cost	1,932.02	2,016.71	4.38%
Maximum Claims			
Medical & Rx	1,844.11	1,914.37	3.81%
Dental Maximum Claims*	113.50	123.03	8.40%
Vision Maximum Claims*	41.53	41.39	-0.34%
Total Maximum Cost	2,300.84	2,399.58	4.29%
Total Monthly Expected Cost (125 Empls)	241,502.25	252,088.25	4.38%
Total Monthly Maximum Cost (125 Empls)	287,605.00	299,947.50	4.29%
Total Annual Expected Cost (125 Empls)	2,898,027.00	3,025,059.00	4.38%
Total Annual Maximum Cost (125 Empls)	3,451,260.00	3,599,370.00	4.29%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

EXHIBIT II-D

**Valdez City Schools
2017 - 2018 Renewal Summary**

	Renewal Options	
	2016-2017	2017-2018
	Costs	Costs Percent Change
Specific Deductible	125,000	125,000
Administration / Meritain Inc BH	29.95	31.40 4.84%
Consult & Doc/Healthy Merits (city only)	0.00	0.00 N/A
Utilization Review / MRC	2.45	2.45 0.00%
Broker / AUIB	10.25	10.25 0.00%
Specific Premium / HCC Life	244.09	259.71 6.40%
Aggregate Premium / HCC Life	9.06	9.43 4.08%
Total Fixed Costs	295.80	313.24 5.90%
Expected Claims		
Medical & Rx	1,792.57	1,791.42 -0.06%
Dental Expected Claims	113.50	123.03 8.40%
Vision Expected Claims	41.53	41.39 -0.34%
Total Expected Cost	2,243.40	2,269.08 1.14%
Maximum Claims		
Medical & Rx	2,240.71	2,239.28 -0.06%
Dental Maximum Claims*	113.50	123.03 8.40%
Vision Maximum Claims*	41.53	41.39 -0.34%
Total Maximum Cost	2,691.54	2,716.94 0.94%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

Valdez City Schools
2017 - 2018 Renewal Summary
SCHOOL DISTRICT RENEWAL
HCC / Meritain \$125,000 Specific SL

	2016-2017	2017-2018	
	Costs	Costs	Percent Change
Specific Deductible	125,000	125,000	N/A
Fixed Costs	295.80	313.24	5.90%
Expected Claims			
Medical & Rx	1,792.57	1,791.42	-0.06%
Dental Expected Claims	113.50	123.03	8.40%
Vision Expected Claims	41.53	41.39	-0.34%
Total Expected Cost	2,243.40	2,269.08	1.14%
Maximum Claims			
Medical & Rx	2,240.71	2,239.28	-0.06%
Dental Maximum Claims*	113.50	123.03	8.40%
Vision Maximum Claims*	41.53	41.39	-0.34%
Total Maximum Cost	2,691.54	2,716.94	0.94%
Total Monthly Expected Cost (113 Empls)	253,503.97	256,406.49	1.14%
Total Monthly Maximum Cost (113 Empls)	304,144.02	307,014.22	0.94%
Total Annual Expected Cost (113 Empls)	3,042,047.69	3,076,877.90	1.14%
Total Annual Maximum Cost (113 Empls)	3,649,728.24	3,684,170.64	0.94%

* Because of the ability to accurately predict the amount of dental and vision claims, expected figures have been used here. Actual claim volume for the dental and vision plans may be slightly higher or lower than these figures.

EXHIBIT II-F

**Valdez City & School District
Claims in Excess of Stop Loss
2008 Through 2017**

	# of Claims	Claims in Excess of Stop Loss	Specific & Aggregate Stop Loss Premium	Annual Loss Ratio
Symetra Financial				
2008-2009	0	\$0.00	\$314,527.00	0.00%
2009-2010	0	\$0.00	\$385,381.00	0.00%
2010-2011	5	\$235,428.45	\$446,959.00	52.67%
2011-2012	3	\$184,596.59	\$509,606.00	36.22%
2012-2013	3	\$154,502.20	\$526,541.00	29.34%
2013-2014	6	\$558,078.73	\$588,748.00	94.79%
Move to HCC Life				
2014-2015	4	\$415,237.98	\$509,702.00	81.47%
2015-2016 YTD 10 Mo	2	\$327,260.00	\$593,736.00	55.12%
2016-2017 YTD 10 Mo	0	\$0.00	\$506,894.00	0.00%
HCC Life Experience		742,497.98	1,610,332.00	46.11%
COMBINED 9 YEAR TOTAL		\$1,875,103.95	\$3,875,200.00	
Loss Ratio				48.39%

AS OF 1/31/2017

EXHIBIT III

City of Valdez

1/1/2017

Grandfathered Plan - Areas of Allowable Benefit Changes

Deductible & Out of Pocket Increase

Allowed increase 15% + medical inflation				Medical Inflation 3/31/10 to 1/1/17	Total % Increase	Max Increase at %	New Amount	GF PLAN INCREASES
		Base 15%						
Medical Deductible								
Individual	\$100.00	15.0%	20.8%	35.8%	35.80	\$135.80		
Family X 3	\$300.00	15.0%	2.1%	17.1%	51.24	\$351.24		
Out-of-Pocket								
Individual PPO	\$448.00	15.0%	20.8%	35.8%	160.38	\$608.38		
Dental Deductible								GF PLAN INCREASES
Individual	\$25.00	15.0%	20.8%	35.8%	8.95	\$33.95		
Family X 3	\$75.00	15.0%	20.8%	35.8%	26.85	\$101.85		

Co Payment Changes

Allowed Co-pay increase is limited to the GREATER of:							
		-OR- Medical inflation +15%					
		\$5 (adjusted for medical inflation since March 2010) or medical					
		(\$5 *1.208) = \$6.04 (Dec 2015)					
					Max Increase at %	Max Allowable Increase	New Amount
Prescription Drug - Retail							
Generic	\$5.00	15.0%	20.8%	35.8%	1.79	\$6.04	\$11.04
Preferre	\$10.00	15.0%	20.8%	35.8%	3.58	\$6.04	\$16.04
Prescription Drug - Mail Order							
Generic	\$5.00	15.0%	20.8%	35.8%	1.79	\$6.04	\$11.04
Preferre	\$10.00	15.0%	20.8%	35.8%	3.58	\$6.04	\$16.04

Employer Contribution Change

(Cumulative since March 2010)

Employer contribution -(calculated as a % of total cost of coverage) may not decrease more than 5%

This is applied individual to each tier of coverage depending on how you are allocating employee contributions

Examples:

Compoiste Rate - all employees contribute the same amount towards coverage

Tiered by coverage - Employee only, Employee & Spouse, Employee & Children, Family

By Employment Category - Classified, Certified, Administration

Valdez City Schools

1/1/2017

Grandfathered Plan - Areas of Allowable Benefit Changes

Deductible & Out of Pocket Increase

Allowed increase 15% + medical inflation				Medical Inflation 3/31/10 to 1/1/17	Total % Increase	Max Increase at %	New Amount	GF PLAN INCREASES
		Base 15%						
Medical Deductible								
Individual	\$100.00	15.0%	20.8%	35.8%	35.80	\$135.80		
Family X 3	\$300.00	15.0%	20.8%	35.8%	107.40	\$407.40		
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Individual PPO	\$448.00	15.0%	20.8%	35.8%	160.38	\$608.38		
Dental Deductible								GF PLAN INCREASES
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By Employment Category - Classified, Certified, Administration

PLAN CHANGES WHICH COULD TRIGGER THE LOSS OF GRANDFATHER STATUS: “THE SLIPPERY SEVEN”

Elimination of Benefits

A Plan will cease to be grandfathered if it eliminates all or substantially all benefits to diagnose or treat a particular condition. This is applicable to any benefit, not just “Essential Benefits”.

Increase of Percentage Cost Sharing Requirements

ANY increase in the percentage cost sharing requirement will cause a plan to lose its grandfather status. (Changing plan from 80/20 coinsurance to 70/30 coinsurance)

Increase in Fixed Amount Cost Sharing – Other than Co-Pays

Changes in Deductibles or Out of Pocket Maximums by more than the “Maximum Percentage Increase”. **“Maximum Percentage Increase” is defined as Medical Inflation (as of March 23, 2010) + 15%.** *March 23, 2010 will always be your reference point.*

Increase in Fixed Amount – Co-Pays

A plan will cease to be grandfathered if it increases any co-pay by more than the greater of (a) the Maximum Percentage Increase, or (b) Five Dollars (\$5), increased by medical inflation.

Decreased Employer Contributions

A plan will lose its grandfather status if it decreases its “contribution rate” toward the total cost of coverage for any tier of coverage by more than 5% below their March 23rd contribution rate. The term “Contribution Rate” means the amount of contribution made by an employer compared to the total cost of coverage, which is expressed as a percentage.

Changes in Annual Limits

A plan may not impose a **new** annual or lifetime limit if there was not an annual or lifetime limit in effect on March 23, 2010. A plan with a lifetime limit but not annual limit, **can not add** an annual limit that is lower than the lifetime limit in effect on March 23, 2010. (There is a graduated scale of annual plan limits available till 2014, starting at your current \$1,000,000 lifetime maximum.)

Changes in Fully Insured Carriers/ **Allowed as of 11/15/2010 for similar benefits**

Any change in fully insured carriers will cause a plan to lose its grandfather status. As a self funded plan you are allowed to change Third Party Administrators.

PATIENT PROTECTION AND AFFORDABLE CARE ACT

BENEFITS APPLICABLE TO NON GRANDFATHERED PLANS

Coverage of immunizations & preventative care at 100% - No deductible (See attached listing of Preventative care)

Coverage of Women's Health Care at 100% - No deductible (See attached listing of Women's Health Coverage)

Abide by Deductible & out of pocket limits (updated 2016 Limits

Specific Deductible limits have been removed, but can not exceed Out of Pocket Maximums.

Family deductible can not exceed 2 x Individual Deductible

Out of pocket limits \$6,850 Individual & \$13,700 Family

Allow Free Choice among participating primary care physicians. – No referral for OB/GYN services

Routine patient cost in connection with Clinical Trials must be covered

Cover Emergency services without preauthorization at same coinsurance level both in and out of network

Provide internal and external review process for certain denied claims.



Health Care Reform

LEGISLATIVE BRIEF

Brought to you by Alaska USA Insurance Brokers

Preventive Care Coverage Guidelines

The Affordable Care Act (ACA) requires non-grandfathered health plans to cover certain preventive health services without imposing cost-sharing requirements for the services. This requirement generally became effective for plan years beginning on or after Sept. 23, 2010. It does not apply to grandfathered health plans.

On July 19, 2010, the Departments of Health and Human Services (HHS), Labor and the Treasury issued [interim final rules](#) relating to coverage of preventive care services.

In August 2011, HHS issued additional [preventive care guidelines for women](#). These additional guidelines, which are generally effective for plan years beginning on or after Aug. 1, 2012, require non-grandfathered health plans to cover women's preventive health services (such as well-woman visits, breastfeeding support, domestic violence screening and contraceptives) without charging a copayment, a deductible or coinsurance.

Special rules regarding contraceptive coverage apply to religious employers, including churches and other religious-based institutions, such as schools, hospitals, charities and universities.

COVERAGE OF PREVENTIVE CARE SERVICES

For plan years beginning on or after Sept. 23, 2010, non-grandfathered group health plans must cover certain preventive care services and may not charge copayments, coinsurance or deductibles for these services when delivered by a network provider.

The recommended preventive care services covered by these requirements are:

- Evidence-based items or services that have in effect a rating of A or B in the current recommendations of the United States Preventive Services Task Force;
- Immunizations for routine use in children, adolescents and adults that are currently recommended by the Centers for Disease Control and Prevention (CDC) and included on the CDC's immunization schedules;
- For infants, children and adolescents, evidence-informed preventive care and screenings provided for in the Health Resources and Services Administration (HRSA) guidelines; and
- For women, evidence-informed preventive care and screening provided in guidelines supported by HRSA (for plan years beginning on or after Aug. 1, 2012).

These recommended preventive services include screening for a number of conditions, as well as counseling for various health-related issues. The complete list of recommended preventive services that must be covered can be found at www.HealthCare.gov/center/regulations/prevention.html.

Office Visits

The interim final rules clarify the cost-sharing requirements when a recommended preventive care service is provided during an office visit. Whether cost-sharing requirements may be imposed will depend on: (a) whether the preventive care service is billed or tracked separately, and (b) whether the preventive care service is the primary purpose of the office visit. Cost-sharing is permitted only if:

- The recommended preventive care service is billed separately (or is tracked as individual encounter data separately) from an office visit; or

Preventive Care Coverage Guidelines

- The recommended preventive care service is not billed separately from the office visit and the primary purpose of the office visit is not to obtain the recommended preventive care service.

Cost-sharing requirements are not allowed in cases where the recommended preventive care service is not billed separately, but it is the primary purpose of the office visit.

Example - An individual covered by a group health plan visits an in-network health care provider. While visiting the provider, the individual is given a cholesterol screening (a recommended preventive care service). The provider bills the plan for an office visit and for the laboratory work of the cholesterol screening test. The plan may not impose any cost-sharing requirements with respect to the laboratory work. Because the office visit is billed separately from the cholesterol test, the plan may impose cost-sharing requirements for the office visit.

Example - An individual covered by a group health plan visits an in-network health care provider to discuss recurring abdominal pain. During the visit, the individual has a blood pressure screening (a recommended preventive care service). The provider bills the plan for an office visit. The blood pressure screening was not the primary purpose of the visit. Therefore, the plan may impose a cost-sharing requirement for the office visit charge.

Example - A child covered by a group health plan visits an in-network pediatrician to receive an annual physical exam (a recommended preventive care service). During the office visit, the child receives additional items and services that are not recommended preventive services. The provider bills the plan for an office visit. The recommended preventive care service was not billed as a separate charge and was the primary purpose of the visit. Therefore, the plan may not impose a cost-sharing requirement for the office visit.

Additional Clarifications

The interim final rules make clear that plans may continue to impose cost-sharing requirements on preventive care services that employees receive from out-of-network providers.

Also, plans may use reasonable medical management techniques to determine the frequency, method, treatment or setting for preventive care services, as long as they are not specified in the recommendation or guideline.

WOMEN'S PREVENTIVE CARE SERVICES

On Aug. 1, 2011, HHS issued the HRSA-supported preventive care guidelines for women to fill the gaps in the current preventive health services guidelines for women. According to HHS, these new guidelines will help ensure that women receive a comprehensive set of preventive health services without having to pay a copayment, a deductible or coinsurance.

Non-grandfathered health plans will need to include these services without cost-sharing for plan years beginning on or after Aug. 1, 2012 (Jan. 1, 2013, for calendar year plans), subject to the special provisions described below for religious employers.

Covered Health Services

The preventive care guidelines for women cover the following health services:

Type of Preventive Service	HHS Guideline	Frequency
Well-woman visits	Well-woman preventive care visit annually for adult women to obtain the recommended preventive services that are age and developmentally appropriate, including preconception and prenatal care. This well-woman visit should,	Annual, although several visits may be needed to obtain all necessary recommended preventive care services, depending on a woman's health status, health needs and other risk factors

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Preventive Care Coverage Guidelines

	where appropriate, include other preventive care services covered under ACA.	
Screening for gestational diabetes	Screening for gestational diabetes	In pregnant women between 24 and 28 weeks of gestation and at the first prenatal visit for pregnant women identified to be at high risk for diabetes
Human papillomavirus (HPV) testing	High-risk HPV DNA testing in women with normal cytology results	Screening should begin at 30 years of age and should occur no more frequently than every three years.
Counseling for sexually transmitted infections	Counseling on sexually transmitted infections for all sexually active women	Annual
Counseling and screening for human immunodeficiency virus (HIV)	HIV counseling and screening for all sexually active women	Annual
Contraceptive methods and counseling	All FDA-approved contraceptive methods, sterilization procedures and patient education and counseling for all women with reproductive capacity Special provisions apply to religious employers.	As prescribed
Breastfeeding support, supplies and counseling	Comprehensive lactation support and counseling by a trained provider during pregnancy and/or in the postpartum period and costs for renting breastfeeding equipment	In conjunction with each birth
Screening and counseling for interpersonal and domestic violence	Screening and counseling for interpersonal and domestic violence	Annual

According to HHS, health plans may use reasonable medical management techniques for women's preventive care to help define the nature of the covered service, consistent with guidance provided in the interim final rules. For example, health plans may control costs and promote efficient delivery of care by continuing to charge cost-sharing for brand-name drugs if a safe and effective generic version is available. In addition, the interim final rules confirmed that plans may continue to impose cost-sharing requirements on preventive services that employees receive from out-of-network providers.

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Preventive Care Coverage Guidelines

Contraceptive Coverage and Religious Employers

Exemption

On Aug. 3, 2011, HHS issued an [amendment](#) to the interim final rules to allow certain non-profit religious employers offering health coverage, such as churches, to decide whether or not to cover contraceptive services, consistent with their beliefs. A non-profit religious employer, for this purpose, is an employer that:

- Has the inculcation of religious values as its purpose;
- Primarily employs persons who share its religious beliefs; and
- Primarily serves persons who share its religious beliefs.

HHS [finalized](#) this amendment on Feb. 15, 2012.

Temporary Safe Harbor

On Jan. 20, 2012, HHS [announced](#) that it would amend the interim final rules to allow non-profit employers that, based on religious beliefs do not currently provide contraceptive coverage to their employees, an additional year to comply with the new requirements. The amendment would allow these employers to delay covering contraceptive services until the first plan year beginning on or after Aug. 1, 2013 (Jan. 1, 2014 for calendar year plans). This extension covers church-affiliated organizations that do not qualify for the exception for non-profit religious employers, such schools, hospitals, charities and universities.

On Aug. 15, 2012, HHS released a [bulletin](#) describing the temporary enforcement safe harbor for nonprofit organizations that do not provide some or all of the required contraceptive coverage based on their religious beliefs.

Accommodation Approach

On March 21, 2012, the Departments issued an [advance notice of proposed rulemaking](#) to outline draft proposals and seek input on the contraceptive coverage requirement for religious employers. This proposal would not require religious organizations, such as schools, charities, hospitals and universities, to provide contraceptive coverage, refer their employees to organizations that provide contraception or subsidize the cost of contraception. However, contraceptive coverage would be provided to female employees by an independent third party, such as an insurance company or third-party administrator (TPA), directly and free of charge.

On Feb. 1, 2013, the Departments issued a [proposed rule](#) that would exempt additional religious employers from the requirement to cover contraceptive services. Under the proposed accommodations, the eligible organizations would not have to contract, arrange, pay or refer for any contraceptive coverage to which they object on religious grounds. Plan participants would receive contraceptive coverage through separate individual health insurance policies, without cost sharing or additional premiums.

For insured group health plans, the religious organization would provide the self-certification to the health insurance issuer, which would be required to automatically provide separate, individual market contraceptive coverage at no cost for plan participants. For self-insured group health plans, the religious organization would notify its third-party administrator (TPA), which would be required to automatically work with a health insurance issuer to provide separate, individual health insurance policies at no cost for participants.

The Departments also proposed rules for religious non-profit organizations that are institutions of higher education. If this type of organization arranges for student health insurance coverage, it is eligible for an accommodation comparable to the type available for a religious organization with an insured group health plan.

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KNOW YOUR BENEFITS.

From

HCR



Health Care Reform: Women's Preventive Care

Additional guidelines expand coverage

The health care reform law requires health plans to cover certain preventive care services for participants without any cost-sharing, such as deductibles, copayments or coinsurance. This requirement includes additional preventive care for women. Read on to learn about these additional benefits.

Additional Coverage for Women

The health care reform law requires that more types of preventive care are provided at no cost to women than to men. The reasoning behind this is that women have unique health needs and higher rates of chronic disease, such as diabetes, heart disease and stroke.

What Is Covered?

Health plans must cover certain additional preventive services with no copay, coinsurance or deductible for the patient. The following items are included in this coverage:

- Well-woman visits (annual preventive care visit in which adult women obtain recommended preventive services)
- Gestational diabetes screening for women 24 to 28 weeks pregnant, and women at high risk
- Human papillomavirus (HPV) testing for women 30 and older, once every three years
- Annual counseling for HIV and sexually transmitted infections, plus annual HIV testing for all sexually active women
- Contraceptives and contraceptive counseling. (Certain religious employers, such as churches, are not required to cover contraceptives)
- Breastfeeding support, supplies and counseling
- Domestic violence screening and counseling

Coverage of additional preventive services for women at no cost to the patient is effective for plan years beginning on or after Aug. 1, 2012.

Be sure to check your plan's specific rules before receiving care. The preventive care rules do not apply to health plans that have "grandfathered" status under the health care reform law.

Though plans are required to provide these services free of charge, they do have the option of using cost-control measures, such as requiring you pay for a brand name drug if a comparable generic drug is available, or charging a copayment for preventive services received at out-of-network facilities.

When Does This Take Effect?

The additional preventive care guidelines for women are effective for plan years beginning on or after Aug. 1, 2012. If your plan operates on a calendar year basis, the new rules will not be effective until Jan. 1, 2013.

Also, if you work for a church-affiliated organization, your employer may have an additional year to comply with the contraceptive coverage requirement, and may choose not to cover contraceptives at all. If this applies to you, keep in mind that a new rule is underway that will allow you to obtain contraceptive coverage directly from your insurance company.

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Service and Compensation Agreement

By and Between

One Digital

&

**Valdez City &
School District**

Service and Compensation Agreement

This Service and Compensation Agreement (the “Agreement”), effective April 1, 2017 is made between OneDigital (“Digital”) and **Valdez City & School District** (each a “Party” and, collectively, the “Parties”).

1. Purpose of the Agreement

This Agreement describes the products, tools and services that Digital recommends for you and your employees and provides a detailed disclosure of the compensation associated with all such products, tools and services. Upon Valdez City & School District’s election of any product, tool and/or service, this Agreement will satisfy all applicable state requirements for written agreement and compensation disclosure.

2. Nature and Scope of Services

2.1 In most cases, Digital will act as an intermediary, working on **Valdez City & School District** behalf to review and recommend appropriate insurance products, services and tools to accomplish the strategies you have disclosed to Digital. Prior to making any recommendations, Digital will assist you further by thoroughly analyzing available products, tools and services. Digital will act independently in relation to the various insurers and vendors whose products it will propose to you.

2.2 For products labeled “Digital Advantage”, stem from special relationships between Digital and particular insurance carriers and vendors that allow us to secure **Valdez City & School District** generally more favorable rates, product terms or services. Digital will work closely with **Valdez City & School District** to determine whether these products are appropriate for it and its employees.

2.3 Digital occasionally may assist **Valdez City & School District** with coordinating certain outside services not listed in Attachment A. By executing this Agreement, **Valdez City & School District** acknowledges and agrees that this Agreement includes only those fees listed in Attachment A, and further acknowledges and agrees that Digital will bill **Valdez City & School District** separately, and prior to rendering such assistance, for all other fees associated with any other services, tools and/or products, including, but not limited to:

- a. Legal, accounting, and other professional services;
- b. Reasonable travel expenses requested by **Valdez City & School District**, if expenses exceed Digital’s normal amounts and **Valdez City & School District** approves such expenses in advance. These include, but are not limited to, items such as airfare, rental car charges, mileage, etc.
- c. Special outside communications services, printing charges, and postage fees.

3. Products and Services

3.1 Attachments A: Traditional advisory services, risk management, benefits package selection, placement, and supporting services.

3.2 Attachments B: Strategic recommendations for additional products, tools, services and resources needed to achieve your goals

3.3 No other amendments or attachments

4. Compensation

Digital will fully disclose all commissions and fees to our clients according to the fee structure outlined in Attachment C.

Terms of Compensation:

4.1 As per, and subject to, applicable state law, any fees associated with the placement or servicing of insurance products will be offset by the commissions received by the insurance carriers for these services.

4.2 Billing options are available in annual, semi-annual, quarterly or monthly intervals. Digital agrees to directly bill the client. The terms are standard net 30. Payment due dates will be noted on the invoice. Failure to remit within this timeframe, or any payments returned for non-sufficient funds (NSF), will result in a late fee of 2% plus the amount of any penalty fees assessed for NSF.

- Base advisory fees are increased 3% annually after 2 years on the contract anniversary, unless a new contract is executed.
- For additional services elected after the execution of the Agreement, a separate agreement will be executed and subject to all terms of that subsequent agreement.
- For fees calculated by a “per employee per month” (PEPM) charge, **Valdez City & School District** agrees to provide Digital updated census information no later than fifteen (15) days prior to the start of each new calendar quarter. Digital will rely upon and use this census information to calculate the fee for the upcoming calendar quarter.
- Where Digital receives carrier commissions, it will provide an annual compensation disclosure and true-up to **Valdez City & School District** no later than sixty (60) days after the end of the term.

*Digital is an appointed agent for the insurance companies it represents and provides services to **Valdez City & School District** on behalf of insurance companies in connection with the placement of insurance. In Digital's role as the insurance companies' agent, it may receive compensation in the form of commissions, which consist of a percentage of the premium or a flat dollar amount collected by the insurance companies, from insurance companies for Digital's professional services. In some cases, Digital also may receive additional compensation, under agreements with one or more insurance carriers, in the form of commission overrides, bonuses or marketing fees which can be based on some combination of volume, new business, persistency and other factors. Digital may be a party to such agreements with one or more of the insurance companies or insurance intermediaries with or through which Digital places insurance. Any additional compensation is not customarily attributable to a particular client and is not factored into a decision on where to place business.*

5. Term and Termination

5.1 Term. Unless terminated earlier under Section 5.2, the initial term of this Agreement will be from April 1, 2017 to March 31, 2018. The term of this Agreement shall automatically renew for successive one- (1-) year terms, unless either Party delivers written notice no later than ninety (90) days prior to the end of the then current term to the other Party of its intent to terminate the Agreement.

5.2 Termination Either Party may terminate this Agreement, with or without cause, at any time if either Party provides to the other no less than a one hundred twenty- (120-) day advance written notice.

6. Miscellaneous

6.1 Confidentiality. This Agreement and its contents, including the fee arrangement reached by the Parties, are confidential, as is any advice that Digital provides **Valdez City & School District**. To that end, by signing below, the Parties agree not to disclose the contents of this Agreement to third parties unless required to do so by law or authorized in writing by the other Party to so disclose. Each Party further agrees that it will not disclose any non- public, confidential or proprietary information of the other Party, including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by the other Party, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with this Agreement.

6.2 Compliance with HIPAA. **Valdez City & School District** and Digital acknowledge that certain information, reports and data generated under this Agreement are subject to applicable laws and regulations pertaining to the confidentiality of medical records, and the parties agree to comply in all respects with such laws, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Services under this Agreement are subject to the Business Associate Agreement entered into separately by the Parties ("BAA"). This Agreement does not modify, supersede or otherwise affect any provision of the BAA.

6.3 Indemnification. By signing below, **Valdez City & School District** agrees to release, indemnify and hold Digital harmless from any and all liabilities and costs (including attorneys' fees) that result if **Valdez City & School District** knowingly provides false, incomplete and/or misleading information.

6.4 Limitation of Liability. Under no circumstances shall either Party be liable to the other Party for indirect, incidental, consequential, special, exemplary or punitive damages (even if such damages are foreseeable or that Party has been advised or has constructive knowledge of the possibility of such damages) arising from such Party's performance or non-performance pursuant to any provision of this Agreement (including such damages incurred by third parties), such as, but not limited to, loss of revenues, loss of data, anticipated profits or lost business. Notwithstanding anything herein to the contrary, however, this section shall not limit either Party's liability to the other for: (a) willful and malicious conduct; (b) direct damage to real or personal property; (c) bodily injury or death caused by negligence; or (d) such Party's indemnification obligations hereunder.

6.5 Licensures and Liability Insurance. Digital certifies that it maintains all required state licensure for all of its employees providing services to **Valdez City & School District** along with the appropriate liability and errors and omissions coverage required by the applicable states.

6.6 Applicable Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the state of Alaska without giving effect to any choice or conflict of law provision or rule (whether of the State of Alaska or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of Alaska.

6.7 Severability. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provision as applied to other persons, places or circumstances shall remain in full force and effect.

6.8 Notices. All notices, request, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the Party at the addresses set forth in the signature block below or to such other address that may be designated by the receiving Party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile

DATE:

(with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt of the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Section.

6.9 Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party without the prior written consent of the non-assigning Party. Any purported assignment without such consent shall be void and unenforceable. Any purchaser of Digital, or all or substantially all of the assets of Digital, shall be entitled to the benefits of this Agreement, whether or not this Agreement is assigned to such purchaser.

6.10 Waiver. No waiver by either Party of any of the provisions of this Agreement is effective unless explicitly set forth in writing and signed by both Parties. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement operates or may be construed as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Entire Understanding. This Agreement constitutes the entire understanding among the parties and supersedes, in their entirety, any and all understandings, agreements, contracts, arrangements, communications, discussions, representations, warranties, whether oral or written, among the Parties respecting the engagement. No provision of this Agreement may be modified, waived or changed except by a writing signed by the Parties hereto.

Signature:

By:
Title:
City of Valdez

Signature:

By:
Title:
OneDigital
200 Galleria Pkwy Ste. 1950
Atlanta, GA 30339

Date

Date

Signature:

By:
Title:
Valdez School District

Date

DATE:

Attachment A

Advisory Services

<i>Services Include:</i>	Frequency	Group Size
A. Financial <ol style="list-style-type: none"> 1. Evaluation of current benefit program 2. Short- and long-term strategic planning 3. Value-based review of program options leading to customized benefit program design and recommendations that achieve client goals 4. Renewal management 5. Contribution strategies 6. Negotiations 7. Assistance with carrier's annual certifications 8. Benefit program implementation including enrollment and placement. Online application process for employees.* 	As Directed by Advisor	100- 500 EEs
B. Advocacy and Administration <ol style="list-style-type: none"> 1. Customer Advocate Center – <ol style="list-style-type: none"> a. Claims information and issue resolution b. Eligibility and enrollment management c. Billing assistance d. Employee assistance with general questions and benefit plan navigation 2. Advocacy through participation with strong industry councils and organizations providing a voice for our employers at the state and federal levels 	As Directed by Consultant or Client	
C. Compliance <ol style="list-style-type: none"> 1. On-line employer benefits resource tool providing access to federal and state employer laws and regulations, sample forms and procedures and full range of training programs 2. Employer compliance calendar and checklist 3. Health care reform applicability and action plan 4. Response to general compliance questions 5. HIPAA tutorial and basic risk exposure checklist 6. Guidance for employer responsibilities including ERISA, Medicare Part D, etc. 7. Access to general legal and reference materials and for employer issues 	On Demand	
D. Education and Communication <ol style="list-style-type: none"> 1. Calls to discuss new industry developments and ideas for future program enhancements 2. Benefits @Work newsletter 3. Health Care Reform Advisory notices 4. Employee wellness tools and resources 5. Administrative training of benefits personnel 6. Compliance and health care reform webinars 7. Assistance with development of employee communication materials 8. Assist in the development, implementation, and interpretation of an employee survey 	Periodically	

* Availability may vary by state and product

DATE:

Attachment B

Strategic recommendations for additional products, tools, services and resources needed to achieve your goals.

Financial Services Include:	Vendor Name	Set up or One-Time Costs	Ongoing Costs	Digital Solution Selected	Type of Billing
Flexible Spending Account	Enter info.	Enter info.	Enter info.	Select	Select
Dependent Care Account	Enter info.	Enter info.	Enter info.	Select	Select
Health Reimbursement Arrangements	Enter info.	Enter info.	Enter info.	Select	Select
Health Savings Account	Enter info.	Enter info.	Enter info.	Select	Select

Attachment C

Valdez City & School District

Effective Date: April 1, 2017

223 Participating Employees:

Election of services and fees

Service Type	Option	Fee Basis	Fee Type	Annual Fee	Initial Selection
Advisory Services	Advisory Package	\$	Choose an item.	\$	
	Consulting Fee	\$10.25 PEPM	Monthly	\$27,429 Est.	
Additional Products, Tools and Resources	Voluntary Life	10% commission	Choose an item.	\$ 2,100	
	Choose an item.	\$		\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
	Choose an item.	\$	Choose an item.	\$ 0	
Billing Frequency	Choose an item.	\$	Choose an item.	\$ 0	
Total Fees	Annual Fees			\$29,529 (est)	

My initials above indicate my service and billing elections.

Print Name

Date

Signature

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (the "Agreement") is made and entered into this 1st day of April, 2017, by and between City o Valdez ("Company"), acting in its role as sponsor of its group health plan which is a Covered Entity ("Covered Entity") and One Digital, ("Business Associate", and with Company, each a "Party" and together "Parties").

WHEREAS, Company maintains certain group health plans to provide its employees with certain health benefits, if any, collectively, "Plans"); and

WHEREAS, Title II of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") requires that Covered Entity and Business Associate enter into an Agreement complying with certain requirements of HIPAA, as described at 45 CFR § 164.504; and

WHEREAS, the Parties desire to comply with HIPAA and the Final Rule for Standards for Privacy of Individually Identifiable Health Information adopted by the United States Department of Health and Human Services and codified at 45 CFR Part 160 and Part 164, subparts A & E ("Privacy Rule"); the HIPAA Security Rule, codified at 45 CFR, Part 164, Subpart C ("Security Rule"); and Subtitle D of the Health Information Technology for Economic and Clinical Health Act ("HITECH"), including 45 CFR §§ 164.308, 164.310, 164.312 and 164.316.

NOW THEREFORE, Covered Entity and Business Associate enter into the following Business Associate Agreement and agree as follows:

I. DEFINITIONS

Capitalized terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 CFR Sections 160.103, 164.103, and 164.304, 164.501 and 164.502, as well as the final Omnibus Rule issued by the Department of Health and Human Services on January 17, 2013.

a. Specific definitions.

(i) Data Aggregation. With respect to PHI created or received by Business Associate in its capacity as a Business Associate of Covered Entity, the term "Data Aggregation" means the combining of such PHI by Business Associate with PHI received by Business Associate in its capacity as business associate of another entity to permit data analyses that relate to the health care operations of the respective entities.

(ii) Designated Record Set. The term "Designated Record Set" means a group of records maintained by or for the Covered Entity that is:

(A) The enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or

(B) Used by or for the Covered Entity to make decisions about Individuals.

For purposes of this paragraph, the term "record" means any item, collection, or grouping of information that includes PHI and is maintained, collected, used, or disclosed by or for the Covered Entity.

(iii) Individual. The term "Individual" shall have the same meaning as the term "individual" in 45 CFR §160.103, and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).

(iv) Privacy Rule. The term "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E, as from time to time amended.

(v) Protected Health Information. The term "Protected Health Information" ("PHI") shall mean individually identifiable health information maintained and transmitted in any form or medium, including, without limitation, all information (including demographic, medical, and financial information), data, documentation, and materials which are created or received by a health care provider, school, health plan, employer, or health care clearinghouse, and relate to: (A) the past, present, or future physical or mental health or condition of an Individual; (B) the provision of health care to an Individual; or (C) the past, present, or future payment for the provision of health care to an Individual, and that identifies or could reasonably be used to identify an Individual. PHI does not include: (1) health information that has been de-identified in accordance with the standards for de-identification contained in the Privacy Rule, (2) employment records held by the Company in its role as employer, (3) education records covered by the Family Educational Rights and Privacy Act (20 USC 1232g), or (4) information regarding an Individual who has been deceased for at least 50 years.

(vi) Required By Law. The term "Required By Law" shall have the same meaning as "required by law" in 45 CFR § 164.103.

(vii) Secretary. The term "Secretary" shall mean the Secretary of the Department of Health and Human Services ("HHS") or his or her designee.

II. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

a. Business Associate acknowledges that in providing services to Covered Entity, it will create, receive, maintain, transmit, use or disclose PHI.

b. Business Associate agrees that it will not use or disclose PHI except as permitted or required by this Agreement, or as Required By Law.

c. Business Associate agrees that it will use appropriate safeguards to prevent use or disclosure of PHI other than as provided in this Agreement.

d. Business Associate agrees to report to the Covered Entity's privacy officer in writing within fifteen (15) business days the names and addresses of any subcontractor(s) that the Business Associate uses in connection with this Agreement.

e. Business Associate agrees that it will ensure that any agent or subcontractor to whom it provides PHI pertaining to Covered Entity agrees in writing to the same restrictions and conditions that this Agreement imposes on Business Associate. Such written agreement shall require the Business Associate's agent or subcontractor to notify Covered Entity of any HIPAA breach.

f. Business Associate agrees to mitigate, to the extent practicable, any harmful effects known to it which are caused by a use or disclosure of PHI by it or by one of its agents or subcontractors in violation of the requirements of this Agreement.

g. Business Associate agrees that it will report to Covered Entity any use or disclosure of PHI not allowed by this Agreement by it or by one of its agents or subcontractors if it becomes aware of the use or disclosure. Specifically, Business Associate agrees that it will report to the Plans within 10

business days after discovering, as defined in 45 C.F.R. § 164.410, any Breach of Unsecured Protected Health Information, and that it will provide to the Plans within 10 days: (i) a list of all Individuals whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, used, or disclosed during the Breach, and (ii) any other available information that the Covered Entity is required to include in notifications to such Individuals pursuant to 45 C.F.R. § 164.404(c), and to the Secretary.

h. Business Associate agrees to provide an appropriate Individual with access to PHI in a Designated Record Set in the manner required of Covered Entity pursuant to the requirements of 45 CFR § 164.524.

i. Business Associate agrees to allow an appropriate Individual to make amendment(s) to PHI in a Designated Record Set in the manner required of Covered Entity pursuant to the requirements of 45 CFR § 164.526.

j. Business Associate agrees to make its internal practices, books, and records (including PHI pertaining to Covered Entity) available to the Secretary or the Covered Entity for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule.

k. Business Associate agrees to document disclosures of PHI and information related to these disclosures so it or Covered Entity may respond to requests by Individuals for an accounting of disclosures of PHI pursuant to the requirements of 45 CFR § 164.528.

l. Business Associate agrees to provide PHI in the possession or control of Business Associate to appropriate Individuals in order to respond to requests for an accounting of disclosures of PHI pursuant to the requirements of 45 CFR § 164.528. Business Associate agrees that, to the extent it maintains PHI in electronic form it will make such an accounting of all disclosures made during the three-year period immediately preceding the request for accounting.

m. Business Associate's responses to requests for action with respect to PHI described in this Section II shall be completed in a manner which complies with the timeliness requirements contained in the Privacy Rules. Also, Business Associate's disclosure of PHI to the Covered Entity or an Individual shall be in an electronic format if Business Associate maintains such PHI in an electronic health record, if the Individual so chooses.

n. Business Associate will comply with all obligations applicable to business associates as set forth in the Omnibus Rule located at 78 Fed. Reg. 5566 (January 25, 2013), as of the date that compliance with each such obligation is required pursuant to the Omnibus Rule.

III. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

a. General Use and Disclosure Provisions. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI pertaining to Covered Entity for the purposes set forth in the parties' service agreement, if the use or disclosure would not violate the Privacy Rule if done by Covered Entity or violate the minimum necessary policies and procedures of Covered Entity.

b. Specific Use and Disclosure Provisions:

(i) Except as otherwise limited in this Agreement, Business Associate may use PHI for its own proper management and administration or to carry out its legal responsibilities, provided the disclosures are Required By Law or the Business Associate obtains reasonable

assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(ii) Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information only if such use or disclosure is in full compliance with 45 C.F.R. § 164.504(e). The additional requirements of the HITECH Act that relate to privacy and that are made applicable to covered entities shall also apply to Business Associate, and are hereby incorporated into this Agreement.

(iii) Except as otherwise limited in this Agreement, Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B).

(iv) Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR § 164.502(j)(1).

IV. OBLIGATIONS OF THE COVERED ENTITY

a. To Inform Business Associate. Covered Entity will inform Business Associate of its privacy practices and any agreed restrictions on PHI as follows:

(i) Covered Entity shall advise Business Associate of any limitations in the notice of privacy practices that Covered Entity produces in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

(ii) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes affect Business Associate's use or disclosure of PHI. Specifically, but in no way as a limitation to the Covered Entity's duty to notify Business Associate under this subparagraph, Covered Entity will notify Business Associate if Individual requests not to have data disclosed to an insurer or health plan because Individual has paid for medical services in full and requested confidentiality as to the services received.

(iii) Covered Entity shall notify Business Associate of any restrictions on use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restrictions may affect Business Associate's use or disclosure of PHI.

b. Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would violate the Privacy Rule if done by Covered Entity, except that Business Associate may in its discretion use or disclose PHI for Data Aggregation and/or management and administrative activities of Business Associate.

V. COMPLIANCE WITH HIPAA SECURITY REGULATIONS

a. Business Associate shall:

(i) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI it creates,

receives, maintains or transmits on behalf of Covered Entity as required to comply with HIPAA Security Regulations at 45 CFR Parts 160, 162 and 164.

(ii) Ensure that any agents, including but not limited to contractors and subcontractors, to which Business Associate provides PHI pertaining to Covered Entity, agree to implement reasonable and appropriate safeguards to protect it.

(iii) Without limiting the provisions of Section II. g. above, Business Associate shall report in writing to the Covered Entity within 10 business days of becoming aware of any Security Incident involving Electronic Protected Health Information, including breaches of unsecured protected health information as required by 45 C.F.R. § 164.410 and security incidents involving subcontractors and as reasonably appropriate, shall advise the Plans of measures Business Associate will be taking to mitigate harm from such Security Incident, and to prevent similar future incidents.

(iv) Business Associate shall make its policies and procedures and documentation required by the Security Rule relating to the Safeguards described in subsection a. (i) above, available to the Plans and to the Secretary for purposes of determining the Plans' compliance with the Security Rule, and Business Associate's compliance with the HITECH Act.

(v) Business Associate agrees to report to the Plans' Privacy Officer any potential Breach of Unsecured PHI without unreasonable delay and in no case later than 10 business days after discovery of a Breach. Such notice shall include, to the extent the details are available: (i) the identification of each Individual whose Unsecured PHI has been, or is reasonably believed by Business Associate, to have been, accessed, acquired, or disclosed; and (ii) a brief description of the event; and (iii) the date of the potential Breach; and (iv) the date of discovery; and (v) the type of PHI involved; and (vi) any preliminary steps taken to mitigate the damage caused by the Breach; and (vii) a description of any investigatory steps taken. In the event that the details of the Breach are not known at the time of the initial notification to Plans, Business Associate shall promptly follow up with Plans' privacy officer with the details as such become available. In addition, Business Associate shall provide any additional information reasonably requested by Plans for purposes of investigating the Breach. Without limiting any of the provisions of this subsection V. a. (v), Business Associate's notification of a Breach under this subsection shall comply in all respects with each applicable provision of Section 13400 of the HITECH Act, Subpart D of 45 C.F.R. 164 and related regulations and guidance issued by the Secretary from time to time.

VI. STANDARDS FOR ELECTRONIC TRANSACTIONS

a. In connection with Standard Transactions, as defined in HIPAA, Business Associate will:

(i) Comply with all applicable provisions of the HIPAA Standard for Electronic Transactions Rule on or before the compliance date (the "Transactions Compliance Deadline") when exchanging information in covered electronic transactions. Business Associate will comply with any future required transactions or code set standards adopted by HHS on or before the required compliance date.

"Standards for Electronic Transactions Rule" means the final regulations issued by HHS concerning Standard Transactions and Code Sets under HIPAA Rules, 45 CFR Parts 160 and 162, as may thereafter be amended. "Transactions" means the types of information exchange between

two parties to carry out financial or administrative activities related to health care as defined in the Standards for Electronic Transactions Rule.

(ii) Ensure that any agents, including but not limited to contractors and subcontractors, that assist Business Associate in conducting Standard Transactions on behalf of Covered Entity, agree in writing to comply with the Standards for Electronic Transactions Rule.

(iii) Not change the definition, data condition, or use of any data element or segment.

(iv) Not add any data elements or segments to the maximum defined data set in a Standard Transaction.

(v) Not use any code or data elements that are either marked "not used" in the standard's implementation specification or are not in the standard's implementation specification(s).

(vi) Not change the meaning or intent of the standard's implementation specification(s).

VII. TERM AND TERMINATION

a. Term. This Agreement shall be effective as of the date stated above and shall terminate when all PHI pertaining to Covered Entity which Business Associate maintains is destroyed or returned to Covered Entity, or, if it is not feasible to return or destroy PHI, protections are extended to such information in accordance with the Termination provisions in this Section.

b. Termination for Cause. If a Party learns of a material breach by the other Party, the Party shall: (1) provide a reasonable opportunity for the other Party to cure the breach or end the violation, or (2) if the other Party does not cure the breach or end the violation within the time specified by the non-breaching Party, terminate this Agreement and any underlying service agreement upon written notice to the other Party that it has breached a material term of this Agreement and there is no cure.

c. Effect of Termination:

(i) Except as provided in paragraph (c)(ii) of this Section VII, upon termination of this Agreement for any reason, Business Associate shall return or destroy all PHI relating to Covered Entity. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of this PHI.

(ii) In the event that Business Associate reasonably determines that returning or destroying the PHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon Business Associate's reasonable determination that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of PHI to those purposes that make the return or destruction not feasible, for as long as Business Associate maintains the PHI.

VIII. MISCELLANEOUS

a. Regulatory References. Reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.

b. Amendment. The Parties agree to take such action as may be necessary to amend this Agreement from time to time for Covered Entity or Business Associate to comply with the requirements of the Privacy Rule and other requirements of HIPAA.

c. Survival. The respective rights and obligations of Business Associate under Section VII c. (i) and (ii) of this Agreement shall survive termination of this Agreement.

d. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity or Business Associate to comply with the Privacy Rule and other requirements of HIPAA. This Agreement shall be interpreted without regard to the rule that a document is to be construed against the Party which drafts it.

e. Complete Integration. This Agreement forms the entire agreement between the parties relating to the subject matter hereof, and supersedes all prior negotiations, discussions, representations, or proposals, whether oral or written, unless expressly incorporated herein. Further, this Agreement may not be modified except in a writing signed by the duly authorized representatives of both parties. If any provision or part of this Agreement is found to be invalid, the remaining provisions shall remain in full force and effect.

f. Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the successors and assigns of Covered Entity and Business Associate. However, this Agreement is not assignable by either Party without the prior written consent of the other Party, except that Business Associate may assign or transfer this Agreement to any entity owned or under common control with Business Associate. Written consent will not be unreasonably withheld.

g. Not a Fiduciary, Plan Administrator or Agent. Business Associate shall not be considered a fiduciary plan administrator or agent of any of Covered Entity's employee benefit plans or the Company.

h. No Third Party Beneficiaries. This Agreement is entered into for the benefit of Covered Entity, Business Associate, and the Company. There are no third party beneficiaries to this Agreement. Business Associate's obligations are to Covered Entity and Company only.

i. Confidentiality. Except as otherwise provided in the Privacy Rule, Applicable Law, or this Agreement, neither Party will disclose the terms of this Agreement to any third party without the other Party's written consent.

j. Counterparts. This Agreement may be executed in two or more counterparts, each of which may be deemed an original.

k. Indemnification and Hold Harmless. If the Business Associate is found to be a federal common law agent of the Covered Entity, the Business Associate agrees to indemnify and hold the Covered Entity harmless from any and all liabilities or damages, including penalties, costs or attorneys' fees, resulting directly or indirectly from its breach of the terms of this Agreement, or resulting directly or indirectly from any breach of the HIPAA Rules by one of its employees, agents or contractors. Covered Entity agrees to indemnify and hold harmless Business Associate from and against any and all claims (including for injury or damage), suits, actions, proceedings, demands, judgments, losses, payments, costs (including costs related to the provision of notices to customers/consumers/individuals and ongoing monitoring services), expenses (including expenses related to investigation and reasonable attorneys' fees and costs), damages, settlements, liabilities, fines and penalties that are asserted against Business

Associate by third parties arising out of (i) the use or disclosure of PHI by Covered Entity or its agents or subcontractors other than as provided in this Agreement, or (ii) a breach of Covered Entity's representations contained in this Agreement.

IX. ACKNOWLEDGEMENT AND SIGNATURES

THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS.

For Business Associate

By: _____

Title: President & CEO

Date: _____

For Covered Entity

By: _____

Title: _____

Date: _____

CITY OF VALDEZ, ALASKA

RESOLUTION # 17-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AUTHORIZING THE SUBORDINATION AND CONSENT WITH CROWLEY PETROLEUM DISTRIBUTION INC. FOR THE LEASE OF A 7,430 SQUARE FOOT PORTION OF USS 495

WHEREAS, the City of Valdez holds a lease with Crowley Petroleum Distribution, Inc. for a 7,430 square foot portion of USS 495; and

WHEREAS, the property is used by Crowley, the lessee, for operating the north fuel dock within the Valdez Small Boat Harbor; and

WHEREAS, the lease is for 21 years beginning in 2001 and ending in 2022, and includes six additional five-year extensions; and

WHEREAS, Crowley has entered into a financial arrangement with Bank of America; and

WHEREAS, Bank of America has requested Subordination and Consent by the City, as the landlord and lessor, with regard to the improvements on the lease area; and

WHEREAS, all other terms and conditions of the lease remain in full force and effect.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that:

Section 1. The City Council of the City of Valdez, Alaska authorizes the Subordination and Consent with Crowley Petroleum Distribution Inc. for the lease of a 7,430 square foot portion of USS 495.

Section 2. This resolution takes effect immediately upon passage and approval.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 28th day of March, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

RECORDING REQUESTED BY:

BANK OF AMERICA, N.A.

AND WHEN RECORDED MAIL TO:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attn: Will Walker, Esq.
Re: CPD Alaska LLC

Space above this line for recorder's use only

SUBORDINATION AND CONSENT BY REAL PROPERTY OWNER(S)
("Subordination and Consent")

This SUBORDINATION AND CONSENT is made this ___ day of November, 2016 between **BANK OF AMERICA, N.A.**, a national banking association having an address at 300 Galleria Parkway, Atlanta, Georgia 30339-3153, as administrative agent for the below-defined Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), and the **CITY OF VALDEZ** ("Owner") having an address at P.O. Box 307, Valdez, Alaska 99686, and affects that real property in the City or Town of Valdez, Alaska, Valdez Recording District 318, Third Judicial District, State of **Alaska**, fully described on Exhibit "A" attached hereto and made a part hereof by this reference, and more commonly known as North Fuel Dock, Valdez, Alaska 99686 (hereinafter referred to as the "Premises").

WHEREAS, this Subordination and Consent is executed to induce Agent and the Lenders (as defined below) to enter into that certain Loan and Security Agreement dated as of September 20, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement") by and among the lenders from time to time party thereto (such lenders, together with their respective successors and permitted assigns, in such capacity, each, individually a "Lender" and collectively, the "Lenders"), Agent, **CROWLEY PETROLEUM DISTRIBUTION, INC.**, an Alaska corporation ("CPD") as guarantor (the "Guarantor"), **PETROLEUM DISTRIBUTION LLC**, a Delaware limited liability company ("PD") and **CPD ALASKA LLC**, a Delaware limited liability company ("CPD Alaska"; CPD Alaska together with PD, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), and other agreements related thereto (hereinafter collectively referred to as the "Agreements"), among the Lenders, Agent, the Guarantor, the Borrowers, and certain affiliates of the Borrowers (such affiliates together with Borrowers and the Guarantor, are referred to hereinafter each individually as an "Obligor", and individually and collectively, jointly and severally, as the "Obligors"), which Agreements, among other things, were given by the Obligors to Agent for the purpose of securing the repayment of all

obligations and the performance of all duties now or hereafter owing by the Obligors to the Lenders, of every kind and description. This Subordination and Consent does not amend any of the terms of the Agreements and reference thereto is made for further particulars;

WHEREAS, subsequent to the execution of the Credit Agreement, CPD Alaska changed its name to Crowley Fuels LLC;

WHEREAS, by the Agreements, Agent and/or the other Lenders have loaned or have agreed to loan monies and/or extend other financial accommodations against the security of, among other collateral, certain of the Obligors' personal property, including without limitation all of the Obligors' inventory, accounts receivable and other receivables, books and records, certain deposit accounts and other related assets, together with all additions, substitutions, replacements, and improvements to the same (hereinafter referred to as the "Goods"), which Goods are or are to be located on and may be affixed to the Premises or be improvements thereon; provided however that the Goods do not include the Premises;

WHEREAS, the City of Valdez entered into a certain Tidelands Lease and Assignment dated 20 August 2001 of approximately 7,430 square feet, a Portion of USS 495, with Westmark Hotel, Inc. in 2001 for twenty one (21) years, commencing on August 6, 2001 and ending the last day of July, 2022 with an additional six, five-year renewal options;

WHEREAS, a Memorandum of Tidelands Lease for recordation was executed on August 13, 2001 in anticipation of the sale of the Westmark Valdez being sold to Jack Johnson of Kodiak, Alaska and recorded in the Valdez Recording District, Third Judicial District, in Book 146 at page 67;

WHEREAS, an Assignment and Assumption Agreement, dated August 7, 2001 was executed and recorded to reflect the Real Estate Purchase and Sale Agreement between Westmark Hotels, Inc. (Seller) and John R. Johnson (Buyer) and recorded in said Recording and Judicial District in Book 146 at page 73;

WHEREAS, a Partial Assignment of Lease with Consent of Landlord was executed February 21, 2002 where the Assignor assigned 6,230 square feet portion of USS 495 Tidelands (Fuel Dock) to Valdez Fuel Company and the Assignor retained the lease for a 1,200 square foot portion of USS 495 Tidelands (Ticket Office/Boat House);

WHEREAS, Lease Amendment No. 1 between the Lessor and Crowley Petroleum Distribution, Inc. dated 4 September 2012 reflected that the leasehold on said 6,230 square feet was held by Crowley Petroleum Distribution, Inc. and a Memorandum thereof recorded in said Recording and Judicial District on 2/7/2013, document 2012-000710-0; and

WHEREAS, Assignment and Assumption of Lease Agreement dated 17 January 2013 whereby Crowley Petroleum Distribution, Inc. assigned its leasehold interest to CPD Alaska LLC (now Crowley Fuels LLC) and said assignment assumed its leasehold obligations was recorded in said Recording and Judicial District on 2/7/2013, document 2013-000085-0.

Agent and Owner agree that:

1. Owner represents that (i) the Lease is in full force and effect and constitutes the legal, valid and binding obligation of Owner enforceable against Owner in accordance with its terms, (ii) the Lease has not been modified, changed, altered or amended in any respect (except as disclosed to Agent), the Lease is the only lease between Owner and the Tenant, (iii) this Subordination and Consent constitutes the legal, valid and binding obligation of Owner enforceable against the Owner in accordance with its terms, and (iv) Owner is not aware of any existing default under the Lease or any such default which would result from the execution, delivery and performance of the Agreements.

2. Owner hereby consents to the grant by the Tenant to Agent of the lien on and security interest in the Goods and recognizes Agent's security interest in the Goods.

3. The Goods shall not be deemed fixtures or part of the real estate of the Premises and shall be and remain personal property notwithstanding the manner of their annexation to the Premises, their adaptability to the uses and purposes for which the Premises are used, or the intentions of the party making the annexation.

4. Owner hereby subordinates any rights which Owner may claim to have in and to the Goods, no matter how arising, including, without limitation, all rights of levy or distraint or liens for rent or other lease obligations, to the rights of Agent and Lenders in the Goods as described above.

5. Owner consents to the installation of the Goods on the Premises, agrees that Agent may do to and with the Goods any or all of the acts below enumerated, and grants Agent (and its agents, representatives and designees) a right, as set forth below, to enter into possession of the Premises to do any or all of the following (the "Permitted Actions") with respect to the Goods: assemble, have appraised, display, sever, remove, maintain, prepare for sale or lease, advertise, inspect, repair, lease, transfer, and/or sell (at public auction or private sale). Agent (or its agents, designees or representatives) shall have the right and license to enter into and to occupy the Premises, for the purposes described above, for an actual occupancy period of up to 120 days (at Agent's discretion), following the later of (a) Owner placing Agent (or its agents, designees or representatives) in possession of the Premises; and (b) abandonment or surrender of the Premises by Tenant, whether voluntary or involuntary; provided, that if Agent (or its agent, designee or representative) is prohibited by any process or injunction issued by any court, or by reason of any bankruptcy or insolvency proceeding involving Tenant, from enforcing its security interest in the Goods, the 120 day period shall commence upon termination of such prohibition. In consideration of the foregoing, Agent (or its agent, designee or representative) agrees (to the extent not paid by the Tenant) that if Agent (or its agent, designee or representative) occupies the Premises, Agent will pay to Owner, periodically for the use and occupancy of the Premises by Agent (or its agents, designees or representatives) as provided above, a per diem occupancy fee (based upon base rent and the Tenant's pro rata share of operating costs, utilities and taxes payable by the Tenant under the Lease but excluding any supplemental rent or other costs, expenses or amounts or any indemnities payable thereunder, upon default or otherwise) for each day Agent (or its agent, designee or representative) actually uses or occupies the Premises as provided above, equivalent to the monthly rental provided for in the Lease divided by 30 for actual days of occupancy by Agent (or its agents, designees or representatives). Any extensions of the foregoing period shall be with the written consent of Owner and at the same rate. All physical damage to the Premises caused by the removal of the Goods by Agent shall be reimbursed or repaired by Agent at its expense.

6. Owner acknowledges that at any time prior to Owner placing Agent (or its agents, designees or representatives) in possession of the Premises, or abandonment of or surrender of the Premises by Tenant, Agent may take any or all of the Permitted Actions subject only to Agent's Agreements with the Obligors.

7. Owner agrees to give Agent notice within 30 days prior to any termination of the Lease or repossession of the Premises by Owner, each said notice to be sent to the following address: Bank of America, N.A., 300 Galleria Parkway, Atlanta, Georgia 30339-3153, Attention: John M. Olsen, Senior Vice President, or such other address as Agent shall designate in a written notice to Owner. Agent shall have the right, without the obligation, to cure any event of default under the Lease within ten days after the receipt of such notice. Any of the foregoing done by Agent shall be effective to cure an event of default as if the same had been done by Tenant and shall not be deemed an assumption of the Lease or any of Tenant's obligations thereunder by Agent. Owner agrees that Agent shall not have any obligations to Owner under the Lease or otherwise or any obligation to assume the Lease or any obligations thereunder.

8. This Subordination and Consent shall continue until such time as all Obligors' obligations to Agent and the other Lenders, and expenses (including, without limitation, attorneys' fees) incurred in connection therewith, have been paid in full and all covenants and conditions as more specifically enumerated in the Agreements have been fully performed.

9. This Subordination and Consent shall inure to the benefit of and be binding upon the successors, heirs, and assigns of Owner and Agent.

10. This Subordination and Consent or a memorandum hereof may be recorded in the real property records of the county in which the Premises are located.

11. This Subordination and Consent may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Subordination and Consent. Delivery of an executed counterpart of this Subordination and Consent by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Subordination and Consent. Any party delivering an executed counterpart of this Subordination and Consent by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Subordination and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Subordination and Consent.

12. **GOVERNING LAW.**

(a) **THE VALIDITY OF THIS SUBORDINATION AND CONSENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ALASKA.**

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS SUBORDINATION AND CONSENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE STATE OF ALASKA; PROVIDED, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL LOCATED AT THE PREMISES SHALL BE BROUGHT IN THE COURTS OF VALDEZ, ALASKA. THE PARTIES HERETO WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS SUBORDINATION AND CONSENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). THE PARTIES HERETO REPRESENT THAT EACH HAS REVIEWED THIS SUBORDINATION AND CONSENT, AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS SUBORDINATION AND CONSENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(d) EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING BROUGHT UNDER SUBPARAGRAPH 12(b) ABOVE, SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EXCEPT AS PROVIDED IN SUBPARAGRAPH 12(b) ABOVE, NOTHING IN THIS SUBORDINATION AND CONSENT SHALL AFFECT ANY RIGHT THAT AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SUBORDINATION AND CONSENT AGAINST ANY OBLIGOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(e) NO CLAIM MAY BE MADE BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO, OR AGAINST ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS SUBORDINATION AND CONSENT, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HERewith, AND EACH PARTY HERETO HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Subordination and Consent to be executed and delivered as of the date first above written.

Dated: November __, 2016

AGENT: **BANK OF AMERICA, N.A.,**
as Administrative Agent

By: _____
Name: _____
Title: _____

Address: 300 Galleria Parkway
Atlanta, Georgia 30339-3153

Attn: John M. Olsen
Senior Vice President
Fax No.: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On _____ before me, _____, a Notary Public, appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within Subordination and Consent and acknowledged to me that she/he executed the same in her/his authorized capacity, and that by her/his signature on the Subordination and Consent, the entity upon behalf of which the person acted, executed the Subordination and Consent.

WITNESS my hand and official seal.

Notary Public

(Seal)

Name (Typed or Printed)

Dated:

November __, 2016

OWNER:

CITY OF VALDEZ

By: _____
Name: _____
Title: _____

Address:

City of Valdez
212 Chenega Avenue
PO Box 307
Valdez, Alaska 99686

Attn: _____
Fax No.: _____

Attest:

Sheri Pierce, MMC, City Clerk

Approved as to form:

Brena, Bell & Clarkson, P.C.
Valdez City Attorney

By _____
Anthony S. Guerriero

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On _____ before me, _____, a Notary Public, appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within Subordination and Consent and acknowledged to me that she/he executed the same in her/his authorized capacity, and that by her/his signature on the Subordination and Consent, _____, the entity upon behalf of which the person acted, executed the Subordination and Consent.

WITNESS my hand and official seal.

Notary Public in and for Alaska
My Commission Expires:_____

(Seal)

Name (Typed or Printed)

Exhibit A

Description of Premises

That 6,230 square foot portion of USS 495 Tidelands shown on the drawing marked EXHIBIT A and attached hereto.

EXHIBIT A

