
CITY COUNCIL AGENDA

Notice is hereby given that the Rockport City Council will hold a regular meeting on Tuesday, June 14, 2016, at 6:30 p.m. The meeting will be held at Rockport City Hall, 622 E. Market, Rockport, Texas. The matters to be discussed and acted upon are as follows:

Opening Agenda

1. Call meeting to order.
2. Pledge of Allegiance.
3. Citizens to be heard.

At this time, comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

4. Deliberate and act on approval of Council Regular Meeting Minutes of May 24, 2016 and Council Special Meeting Minutes of June 7, 2016.
5. Deliberate and act on accepting a donation of \$8,500 from the Friends of the Pool for the purchase of permanent shade canopies for patron use at the community aquatic park.
6. Deliberate and act on accepting a donation of \$1,268.00 from Sherry McGuire for the purchase of a memorial park bench for placement along the Tule Hike & Bike Trail.

Regular Agenda

7. Hear and deliberate on service options for sanitation collection.
8. Deliberate and act on the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool Rerate Notice for active employees and retired employees not eligible for Medicare.
9. Deliberate and act on Section 125 Flexible Spending Arrangement (FSA) agreement with Texas Municipal League MultiState Intergovernmental Employee Benefits Pool.
10. Deliberate and act on interlocal agreements with Aransas County and/or the Town of Fulton for the following services:
 - a. Animal Control
 - b. Aquatic Center
 - c. Dispatching Services
 - d. Jail Services
 - e. Juvenile Case Manager

- f. Restaurant Health Inspections
- g. Roads and Drainage
- h. Septic Systems

11. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas Pathways Steering Committee; Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Environmental Committee for Water Issues; Park & Leisure Services Advisory Board; Planning & Zoning Commission; Rockport Heritage District Board; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Development Committee; Texas Maritime Museum, Fulton Mansion, Rockport Center for the Arts, Aransas County, Aransas County Independent School District, Aransas County Navigation District, Town of Fulton, and Texas Municipal League. No formal action can be taken on these items at this time.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 12. Section 551.071(1)(A) and Section 551.071(2) Consultation with Attorney: Pending or contemplated litigation: (A) Bay Education Center, (B) Pena/Dack, and (C) Texaz Construction and AZ Southwest Properties.
- 13. Section 551.072 Deliberation regarding real property - deliberate the purchase, exchange, lease, or value of real property: a) Fractional Part of Block 255, Smith and Wood Division, and b) Red Fish.

Open Session

City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

14. Adjournment.

Special Accommodations

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at (361) 729-2213, ext. 225 or FAX (361) 790-5966 or email citysec@cityofrockport.com for further information. Braille is not available. The City of Rockport reserves the right to convene into executive session under Government Code §§ 551.071-551.074 and 551.086.

Certification

I certify that the above notice of meeting was posted on the bulletin board at City Hall, 622 E. Market Street, Rockport, Texas on Friday, June 10, 2016, by 5:00 p.m. and on the City's website at www.cityofrockport.com. I further certify that the following News Media were properly notified of this meeting as stated above: *The Rockport Pilot*, *Coastal Bend Herald*, and *Corpus Christi Caller Times*.



 Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 4

Deliberate and act on approval of City Council Regular Meeting Minutes of May 24, 2016, and Special Meeting Minutes of June 7, 2016.

SUBMITTED BY: City Secretary Teresa Valdez

APPROVED FOR AGENDA: PKC

BACKGROUND: Please see the accompanying minutes of the Regular Meeting of May 24, 2016 and Special Meeting of June 7, 2016.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council approve the Minutes, as presented.

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, May 24, 2016 Rockport City Hall, 622 East Market Street

On the 24th day of May 2016, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member J. D. Villa, Ward 2
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Attorney Terry Baiamonte
City Secretary Teresa Valdez
Finance Director Patty Howard
Police Chief Tim Jayroe
Public Works Director Mike Donoho
Park & Leisure Services Director Tom Staley

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Wax at 6:31 p.m. on Tuesday, May 24, 2016, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

2. Pledge of Allegiance.

Council Member Gurtner led the Pledge of Allegiance to the U.S. and Texas flags.

3. Citizens to be heard.

At this time comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take any action on any item that has not been posted on the agenda.

There were no citizen comments.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

- 4. Deliberate and act on approval of City Council Special Meeting Minutes of May 6 and May 9, 2016, and Regular Meeting Minutes of May 10, 2016.**
- 5. Deliberate and act on 2nd quarter report from Friends of the Fulton Mansion State Historical Site for Fiscal Year 2015-2016 marketing expenditures.**
- 6. Deliberate and act to appoint member to the YMCA Development Committee.**
- 7. Deliberate and act on request from Relay For Life of Rockport-Fulton for approval to close Austin Street between Wharf Street and Main Street from 5:00 p.m. until midnight on Saturday, June 11, 2016, for the Relay For Life event.**
- 8. Deliberate and act to confirm Mayoral re-appointments and appointments to various City of Rockport boards, committees and commissions.**
- 9. Deliberate and act to confirm Mayoral appointments of City Council liaisons to various City of Rockport boards, committees and commissions.**

Mayor Wax called for requests to remove any item from the Consent Agenda for separate discussion. There being no requests, Mayor Wax called for a motion.

MOTION: Council Member Villa moved to adopt the Consent Agenda Items as presented. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

Regular Agenda

- 10. Deliberate and act on second and final reading of an Ordinance replacing City of Rockport Code of Ordinances Chapter 42 Article V. "Erosion and Sediment Control" with a Stormwater Ordinance.**

Public Works Director Mike Donoho stated there had been no change in format or content of the Ordinance since the first reading on May 10, 2016.

MOTION: Mayor Pro-Tem Rios moved to approve the second and final reading of an Ordinance replacing City of Rockport Code of Ordinances Chapter 42 Article V. "Erosion and Sediment Control" with a Stormwater Ordinance. Council Member Gurtner seconded the motion. Motion carried unanimously.

- 11. Deliberate and act on approval to issue a Request for Proposals to connect the Cape Velero waterline to the waterline on Rattlesnake Point Road.**

Public Works Director Mike Donoho stated currently the Cape Velero area is served by a single 12-inch water line that is approximately 2.5 miles in length and this dead end line feeds an 8-inch distribution system that services multiple customers. Mr. Donoho informed the Council that the detention time in the 12-inch dead end line affects chlorine residuals in the system to the point where the City must spend approximately 90 minutes each day flushing more than 30,000 gallons to maintain proper chlorine residuals at the end of the system. Mr. Donoho added that the cost to maintain the flushing is over \$50,000 per year, not including the equipment and labor to perform this daily task. Mr. Donoho expressed that there is also the intangible cost of wasting the water resource, especially during a drought. Mr. Donoho said that on Rattlesnake Point Road, the City's 8-inch dead end water line is serving over 200 Copano Water Company customers. Mr. Donoho stated engineering studies completed at the request of a developer have determined that this 8-inch dead end line is at its maximum capacity. Mr. Donoho said City staff has determined that the solution to both issues would be to directionally drill an 8-inch water line under Peet's Bend and connect the two water systems; this would loop the system and allow constant flow of water without flushing to properly maintain chlorine residuals and allow future development in both areas of approximately 15 additional homes. Mr. Donoho informed the Council that the preliminary estimates are from \$600,000 to \$800,000 to loop the systems with a scope of work shown on the table included in the Agenda packet. Mr. Donoho added that the developer for the Rattlesnake Point project has submitted a letter of commitment agreeing to contribute \$89,950 towards the project. Mr. Donoho explained that in January 2016, the City acquired a 15-foot wide piece of property at 9 Northpointe Drive for the purpose of a 10-foot permanent utility easement to accommodate the 8-inch waterline needed to loop the systems and no further easements of right-of-way acquisition is required. Mr. Donoho stated that funding will come from the 2007 Bond (Water Capital Improvements) and the 2009 Bond (Cape Velero Loop Line). Mr. Donoho added that the return on investment should be less than 10 years given the developer's contribution, water and labor savings, and revenue from additional customers, and there will also be additional *ad valorem* revenue from properties benefiting from new access to the water line.

Mayor Wax asked if the estimate included the \$89,950 that has been committed to by the developer.

Mr. Donoho answered that the estimate did include the \$89,950 amount.

Brief discussion was held among Council and Mr. Donoho.

MOTION: Council Member Day moved to approve the issuance of Request for Proposals to connect the Cape Velero water line to the waterline on Rattlesnake Point Road. Council Member Villa seconded the motion. Motion carried unanimously.

12. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas Pathways Steering Committee, Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Environmental Committee for Water Issues; Parks & Leisure Services Advisory Board; Planning Zoning Commission; Rockport Heritage Board; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Development Committee; Texas Maritime Museum; Fulton Mansion; Rockport Center for the Arts; Aransas County; Aransas County Independent School District; Aransas County Navigation District; Town of Fulton; and Texas Municipal League. No formal action can be taken on these items at this time.

Mayor Wax stated the City had received a letter from the Hotel and Lodging Association stating they support the Rockport Cultural Arts District application.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 13. Section 551.071(1)(A) Consultation with Attorney on pending or contemplated litigation: A) Bay Education Center, (B) Pena/Dack, and (C) Texaz Construction and AZ Southwest Properties.**
- 14. Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.**

At 6:44 p.m., Mayor Wax convened the Rockport City Council into an executive session pursuant to provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071910(A) Consultation with Attorney on pending or contemplated litigation: (A) Bay Education Center, (B) Pena/Dack, and (C) Texaz Construction and AZ Southwest Properties; and Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rule of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter.

Open Session

City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

At 7:04 p.m., Mayor Wax reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

No action was taken.

15. Adjournment

At 7:05 p.m., Council Member Gurtner moved to adjourn. Motion was seconded by Council Member Day and carried unanimously.

APPROVED:

Charles J. Wax, Mayor

ATTEST:

Teresa Valdez, City Secretary

CITY OF ROCKPORT

MINUTES

CITY COUNCIL SPECIAL MEETING 1:30 p.m., Tuesday, June 7, 2016 Rockport City Hall, 622 East Market Street

On the 7th day of June 2016, the City Council of the City of Rockport, Aransas County, Texas, convened in Special Session at 1:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

Council Member J.D. Villa, Ward 2

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Secretary Teresa Valdez
Finance Director Patty Howard

ELECTED OFFICIALS

1. Call to Order.

With a quorum of the Council Members present, the Special Session of the Rockport City Council was called to order by Mayor Wax at 1:30 p.m. on Tuesday, June 7, 2016, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

Mayor Wax extended an invitation to attend the Council Budget Workshop meetings on July 11 and 13, 2016 at 9:00 a.m.

2. Hear and deliberate on request for grant funds from the General Fund Account from the Rockport Volunteer Fire Department.

Danny Cox, Jr., Fire Chief for the Rockport Volunteer Fire Department, addressed the Council. Mr. Cox presented a request for \$93,737 grant funds from the City of Rockport.

Discussion was held among the Council and Mr. Cox regarding the Rockport Volunteer Fire Department General Fund request.

3. Hear and deliberate on requests for grant funds from the Hotel Occupancy Tax Fund Account from the following entities:

A. Aransas County Council on Aging – Bountiful Bowl Pottery Fair

Mayor Wax stated no one representing the Aransas County Council on Aging Bountiful Bowl Pottery Fair was in attendance to present their request. Mayor Wax stated they were requesting \$1,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

B. Aransas County Independent School District Education Foundation

Cindy Duck and Paula Dean, representing Aransas County Independent School District Education Foundation, addressed the Council. Ms. Duck presented a request for \$5,000 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account for the October 1, 2016, Shopping Tournament.

Discussion was held among Council and Ms. Duck and Ms. Dean regarding Aransas County Independent School District Education Foundation grant fund request.

C. The Friends of the Fulton Mansion – Fulton Mansion State Historic Site

Marsha Hendrix, representing the Friends of the Fulton Mansion, Fulton Mansion State Historic Site, addressed the Council. Ms. Hendrix presented a request for \$30,000 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Hendrix regarding The Friends of the Fulton Mansion grant fund request.

D. Friends of the History Center – Tour of Homes

Kam Wagert, Friends of the History Center Tour of Homes Chair, addressed the Council. Ms. Wagert presented a request for \$2,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Wagert regarding the Friends of the History Center grant fund request.

E. Rockport Center for the Arts

Luis Puron, Executive Director of the Rockport Center for the Arts, addressed the Council. Mr. Puron presented a request for \$124,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Mr. Puron regarding the Rockport Center for the Arts grant fund request.

F. Rockport-Fulton Chamber of Commerce

i. Marketing

Sandy Jumper, Director of Tourism and Events, and Diane Probst, President & Chief Executive Officer, addressed the Council. Ms. Jumper presented the Rockport-Fulton Chamber of Commerce 2016-2017 Marketing Plan. The Rockport-Fulton Chamber of Commerce presented a request for \$330,000 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council, Ms. Probst and Ms. Jumper regarding the Rockport-Fulton Chamber of Commerce grant fund request.

ii. HummerBird Celebration

Sandy Jumper, Director of Tourism and Events, addressed the Council. Ms. Jumper presented a request for \$1,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Jumper regarding the Rockport-Fulton Chamber of Commerce grant fund request for the HummerBird Celebration.

iii. Seafair

Sandy Jumper, Director of Tourism and Events, addressed the Council. Ms. Jumper presented a request for \$1,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Jumper regarding the Rockport-Fulton Chamber of Commerce grant fund request for Seafair.

iv. Veterans Memorial Wall Traveling Exhibit

Diane Probst, President & Chief Executive Officer, addressed the Council. Ms. Probst presented a request for \$1,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Probst regarding the Rockport-Fulton Chamber of Commerce grant fund request for the Veterans Memorial Wall Traveling Exhibit.

G. Rockport Rotary Club - Rockport Film Festival

Elena Rodriguez, Rockport Center for the Arts Creative and Managing Director, and Kathy David, President of the Rockport Rotary Club, addressed the Council. Ms. Rodriguez stated the Rockport Rotary Club is once again working with the Rockport Center for the Arts to host the Rockport Film Festival event.

Ms. Rodriguez presented a request for \$3,000 grant funds for the Rockport Film Festival from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council, Ms. Rodriguez and Ms. David regarding the Rockport Rotary Club grant fund request for the Rockport Film Festival.

H. Rockport Yacht Club – Nautical Flea Market

Ann Lockwood, Co-Chairman of the 2016 Nautical Flea Market, and Scott McCain, Vice Commodore, addressed the Council. Ms. Lockwood presented a request for \$4,500 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account for the Nautical Flea Market.

Discussion was held among the Council, Ms. Lockwood and Mr. McCain regarding the Rockport Yacht Club grant fund request.

I. Texas Maritime Museum

Kathy Roberts-Douglass, Chief Executive Officer of the Texas Maritime Museum, addressed the Council. Ms. Roberts-Douglass presented a request for \$80,000 grant funds from the City of Rockport Hotel Occupancy Tax Fund Account.

Discussion was held among Council and Ms. Roberts-Douglass regarding the Texas Maritime Museum grant fund request.

4. Adjournment

At 2:58 p.m., Mayor Pro-Tem Rios moved to adjourn. Motion was seconded by Council Member Day and carried unanimously.

CITY OF ROCKPORT, TEXAS

Charles J. Wax, Mayor

ATTEST:

Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 5

Deliberate and act on accepting a donation of \$8,500.00 from the Friends of the Pool for the purchase of permanent shade canopies for patron use at the community aquatic park.

SUBMITTED BY: Parks & Leisure Services Director Tom Staley

APPROVED FOR AGENDA: PKC

BACKGROUND: The Friends of the Pool, a non-profit organization, received an \$8,500.00 grant from the Ed Rachal Foundation for the purpose of providing permanent shade canopies for patrons at the community aquatic park. One canopy will be a 17' x 10'2" SunSetter brand installed on the exterior of the south wall of the locker room and the others will be a two post hip structure similar to the canopies already in use at the pool.



FISCAL ANALYSIS: The cost to the city is staff time, and minor material expenses associated with the install of two canopies, and then follow-on maintenance as needed.

RECOMMENDATION: Staff recommends Council accept the donation of \$8,500.00 from the Friends of the Pool for the purchase of permanent shade canopies for use by patrons at the community aquatic park, as presented.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 6

Deliberate and act on accepting a donation of \$1,268.00 from Sherry McGuire for the purchase of a memorial park bench for placement along the Tule Hike & Bike Trail.

SUBMITTED BY: Parks & Leisure Services Director Tom Staley

APPROVED FOR AGENDA: PKC

BACKGROUND: Shelly McGuire requests the acceptance of a donation in the amount of \$1,268.00 for the purchase of a memorial park bench for placement along the Tule Hike & Bike Trail. The engraving on the bench will read:

L.J. (Larry) McGuire
 1/6/1944-3/17/2016
 HIS LIFE AND LOVE
 NEVER FORGOTTEN



FISCAL ANALYSIS: The cost to the city is staff time to install the bench and then follow-on maintenance as needed.

RECOMMENDATION: The City Council accept the donation of \$1,168.00 from Sherry McGuire for the purchase of a memorial park bench for placement along the Tule Hike & Bike Trail.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 7

Hear and deliberate on service options for sanitation collection.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: The Council has discussed level of service options for sanitation services multiple times over the last 3-4 years, with a focus on automation. At the April 26, 2016, council meeting, Republic's Municipal Services Manager Mike Reeves was asked to meet with the homeowners associations (HOAs) in the three neighborhoods with the highest percentage of part-time residents and get their input on moving to automation. Mr. Reeves has met with the HOAs and will report on the results of his meetings and will present a revised list of service options that incorporates some of the input from the HOAs.

See the accompanying PowerPoint presentation for more information.

FISCAL ANALYSIS: The City collects a 6% street use fee for sanitation so any rate change impacts net revenue to the City. The option with a \$2 increase in residential service will result in net additional revenue for the City of \$6,192.00. The option including the 2.15% CPI increase would give the City about \$116.56 more income (does not include additional revenue from commercial accounts).

Two of the options would result in Republic using CNG sanitation trucks. Republic's annual fuel purchases are estimated to be \$37,000 - \$57,000.

RECOMMENDATION: Not an action item.

Automation..Are We Ready?



Topics to Cover

- **Solutions to challenges**
- **Options**
- **Benefits of Capital**
- **Roll-out timeline**
- **Results of HOA meetings**



Challenges & Solutions



- Absentee Residents/Renters
 - Housekeeper
 - Landscaper
 - Management company
 - Neighbor
 - Valet Service



Challenges & Solutions



- **Matures (Seniors)**
 - Offer smaller carts (64 gal)
 - Leaf collection seasonal
 - Reduced pricing for small carts



Challenges & Solutions



- **Zero Lots & Difficult Areas**
 - Offer smaller carts
 - Identify designated placement areas
 - Convert townhomes to commercial
 - Meet with residents on shallow streets



Options at Hand

- Option A- 1X waste, 1X recycle - \$2 more/\$22.11
- Option B- 1X waste, EOW recycle - \$Flat/\$20.11
- Option C- Same service with CPI increase in October - approx. 2.15%/\$20.54)
 - Smaller carts with price reduction is negotiable
 - Seasonal leaf collection is negotiable
 - Options A&B-6 year terms with smaller carts
 - 7 years with optional leaf collection
 - Option C is for 5 years



Benefits of Capital



- Three new CNG trucks
- Estimated annual fuel purchases totaling \$37,000-\$57,000



Next Steps

- Take action on an option
- Begin resident outreach
- Gather data and inventory
- Revise routing and maps
- Send out educational info



Roll-Out Timeline

- **Routing & house count 3 months**
- **City sends out info for cart needs and changes**
- **Survey responses tallied (6 months)**
- **Both parties identify logistics**
- **Capital**
- **Roll-out occurs in 8-12 months**



Results of HOA Meetings



- Harbor Oaks
- Key Allegro
- Rockport Country Club



Questions



CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 8

Hear and deliberate on the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool Rerate Notice for active employees and retired employees not eligible for Medicare.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND:

Medical:

The monthly group medical insurance premium for active employees and retired employees not eligible for Medicare increased by five percent from \$529.04 to \$555.50 per month. In September 2011 Council chose to equally split the additional cost of a rerate increase with the employee.

Sec. 40-65. Benefits

(a) *Group insurance*

- (1) *Insurance provided:* All full-time employees and all retired employees are provided with medical insurance for which an employee contribution may be required.
-

There is a change in the Medication Therapy Management Program for the 2016-2017 plan year. See the accompanying rerate notice for additional information.

Vision:

The monthly group vision insurance premium for active employees and Pre-65 retired employees has some key plan changes. The vision benefits have been completely modified. For simplification, and ease of use, the benefits structure is no longer a line item reimbursement (for glasses, contacts, lenses, etc.). Instead, the plan will reimburse for the exam and then provide a maximum calendar year reimbursement that can be applied at time of purchase.

The Modified Plan:

Vision A: \$65 for Annual Eye Exam	\$175 Calendar Year Maximum Payment Allowable
Vision B: \$85 for Annual Eye Exam	\$225 Calendar Year Maximum Payment Allowable

The City is currently enrolled in Vision A. The table below details the premium costs for the current coverage and the two options for next year.

Covered Life	Current Vision A	New Vision A	New Vision B
Active Employee	\$6.76	\$6.76	\$9.00
Active Employee Family	\$13.50	\$13.50	\$18.00
Voluntary Pre-65 Employee	\$10.66	\$10.66	\$15.12
Voluntary Pre-65 Family	\$21.28	\$21.28	\$30.20

FISCAL ANALYSIS: Medical - The five percent increase will be equally split between the City and the employee. The employee's new contribution amount will increase by \$13.23 per month ($\555.50 (new rate) - $\$529.04$ (previous rate) = $\$26.46 \div 2$ (City & Employee) = $\$13.23$ per month). The estimated total additional cost to the City for group medical coverage is \$19,845.

Vision -The vision plan is an active employee only employer paid plan and to enroll in Vision B the City would be responsible for the active employee rate of \$9.00 per month. The employee is responsible for the family plan. The Pre-65 retiree is responsible for both the retiree and / or the family rates. The estimated total additional cost to the City for the Vision B plan is \$3,360.

RECOMMENDATION: Staff recommends Council approve the 2016-2017 Texas Municipal League MultiState Intergovernmental Employee Benefit Pool rerate for employee health benefits with employee vision benefits plan B, as presented.



TML MultiState Intergovernmental Employee Benefits Pool Rerate Notice and Benefit Verification Form

Rockport

RECEIVED

Original

Plan Year 2016-2017 (12 Months)

JUN 03 2016

Rates are subject to change if there is any legislation passed during the plan year affecting benefits. Supplemental benefits cannot be accessed without accessing the TML MultiState IEBP Medical Benefit Plan.

ASST CITY SECRETARY

Medical

Employer Group Medical Plan

Plan	Benefit Percent	In Net Ded	Out Net Ded	In Net OOP	Office Visit	XRay & Lab in OV	Rates	Current	New	Employee Subsidy	195% of Employee
P85-20-10-Mac A	80/50	\$200	\$450	\$1000	N/A	No	Employee:	\$529.04	\$555.50	\$579.40	\$1,083.22
							Spouse:	\$544.90	\$572.16	\$577.22	\$1,115.68
							Child(ren):	\$325.94	\$342.24	\$342.24	\$667.36
							Family:	\$864.44	\$907.66	\$907.66	\$1,769.94

Dental III

	Current Rate	New Rate
Employee:	\$34.52	\$37.64
Spouse:	\$36.34	\$39.62
Child(ren):	\$39.98	\$43.58
Family:	\$71.46	\$77.90

Vision A

	Current Rate	New Rate
Employee:	\$6.76	\$6.76
Family:	\$13.50	\$13.50

Calendar Year Pre-65 Retiree Medical

Retirees at 195% of Active Plan

Calendar Year Pre-65 Dental III 100% Participation

	Current Rate	New Rate
Retiree:	\$62.28	\$67.90
Spouse:	\$65.58	\$71.48
Child(ren):	\$72.12	\$78.62
Family:	\$128.88	\$140.48

Calendar Year Pre-65 Voluntary Vision A

	<u>Current Rate</u>	<u>New Rate</u>
Retiree:	\$10.66	\$10.66
Family:	\$21.28	\$21.28

LTD

No LTD Coverage

STD

No STD Coverage

Basic Life and AD&D: Plan 9 (\$15,000)

	<u>Current Rate</u>	<u>New Rate</u>
Life:	\$0.220	\$0.220
AD&D:	\$0.035	\$0.035

Dependent Life: Plan 1 (\$2,000/\$1,000)

<u>Current Rate</u>	<u>New Rate</u>
\$0.70 per dependent unit	\$0.70 per dependent unit

Voluntary AD&D

No Voluntary AD&D Coverage

Additional Employee Life and AD&D

<u>Age of Employee</u>	<u>Current Rate per \$1000</u>	<u>New Rate per \$1000</u>
Under 30	0.061	0.061
30 - 34	0.069	0.069
35 - 39	0.100	0.100
40 - 44	0.130	0.130
45 - 49	0.198	0.198
50 - 54	0.332	0.332
55 - 59	0.595	0.595
60 - 64	0.913	0.913
65 - 69	1.513	1.513
70 and over	2.431	2.431

Basic & Additional Retiree Life

<u>Age of Employee</u>	<u>Current Rate per \$1000</u>	<u>New Rate per \$1000</u>
Under 45	0.228	0.228
45 - 49	0.329	0.329
50 - 54	0.519	0.519
55 - 59	0.873	0.873
60 - 64	1.240	1.240
65 - 69	1.961	1.961
70 - 74	3.226	3.226
75 - 79	5.376	5.376
80 - 84	8.223	8.223
85 - 89	12.587	12.587
90 - 94	18.342	18.342
95 and over	37.823	37.823

Continuation of Coverage (COC)

Yes

Benefit Waiting Period

Medical: None

Life: None

Medical Network

Choice Plus

Flex, HRA, HSA & RRA

Flex Admin

HRA Admin

HSA Admin

RRA Admin

No

No

No

No

Select one of the following options for Flex:

- Debit Card Flex (\$3.70 per participant per month)
- Paper Flex (\$5 per participant per month)

Select one or all of the following options for HRA, HSA & RRA:

- HRA (\$3.70 per participant per month - debit card only)
- HSA (\$3.70 per participant per month - debit card only)
- RRA (\$3.70 per participant per month - debit card only)

If employer accesses Debit Card Flex and/or HRA, HSA or RRA, only one charge of \$3.70 per participant per month will be incurred.

Medication Therapy Management Program

MAC A Plan: If a brand name drug is dispensed and a generic alternate drug exists, the **Covered Individual pays the difference between the brand name and generic price** in addition to the appropriate copayment for the brand name. **The cost difference between the brand name and generic price does not apply to any individual deductibles or out of pocket amounts.** The MAC differential applies to all prescriptions purchased through this program when a generic alternate is available.

MAC C Plan: If a brand name drug is dispensed and a generic alternate drug exists, the Covered Individual pays the appropriate brand copay.

Lessor of Benefit: Through the OptumRx network contract, the covered individual's out of pocket expense is managed by the pharmacy network agreement that the covered individual will receive the most advantageous pricing. This would be determined by the lessor of pharmacy contracts, Usual & Customary cost (U&C), copayments or the discounted cost the covered individual would be charged. Due to the lessor of Benefit the OptumRx Reportal will be an important price transparency resource to ensure covered individual is purchasing the prescription from the most cost effective pharmacy.

The most effective way to control costs is through the use of generic drugs and a drug formulary.

\$	Drug Tier	Includes	Helpful Tips
 \$	Tier 1 Lowest Cost	Lower cost, commonly used generic drugs. Some low cost brands may be included.	Use Tier 1 drugs for the lowest out-of-pocket costs.
 \$\$	Tier 2 Mid-range Cost	Many common brand-name drugs, called preferred brands.	Use Tier 2 drugs, instead of Tier 3, to help reduce your out-of-pocket costs.
 \$\$\$	Tier 3 Highest Cost	Mostly higher cost brand drugs, also known as non-preferred brands.	Many Tier 3 drugs have lower cost options in Tier 1 or 2. Ask your doctor if they could work for you.

Covered Individual Out of Pocket (OOP)

Prescribed (Doctor Ordered) Over the Counter Alternates and Prescription Networks	Retail: (up to 34 day supply max unless noted otherwise)	Mail/Maintenance: (up to 90 day dispensement)	SpecialtyRx/Biotech/Biosimilar: (up to 34 day dispensement)
<ul style="list-style-type: none"> ▪ Smoking Cessation (Nicorette Gum), Quantity Limit - 3 months per plan year ▪ Aspirin, Folic Acid, Fluoride Chemoprevention Supplements, Iron Deficiency Supplements, and Vitamin D supplementation to prevent falls in community-dwelling adults age 65 years and older who are at an increased risk for falls; per prescription 	\$0.00	N/A	N/A
Network Retail: 34 day <u>Non-Cost Share most Generic</u> Dispensement	\$5.00 (up to 34 day supply)	N/A	N/A
Network Retail: 90 day <u>Non-Cost Share most Generic</u> Dispensement	\$14.00 (35 up to 90 day supply)	\$30.00	
OptumRx Network <u>Non-Cost Share</u> Best Brand/Formulary List	\$43.00	\$100.00	
OptumRx Network <u>Non-Cost Share</u> Non-Best Brand/Non-Formulary List	\$65.00	\$155.00	
OptumRx Network Cost Share	\$120.00	\$300.00	
OptumRx Specialty/Biotech Prescriptions	N/A	N/A	\$100.00 (up to 34 day supply)
OptumRx Biosimilar Generic Prescriptions	N/A	N/A	\$75.00 (up to 34 day supply)
Prescription Refill Control Standards	75%	70%	

Women's Preventive Health Services

Benefit	Retail Rx Medical Plan	Prescription Plan	Plan Ineligible
Oral Contraceptives Generic (no cost share)		X	
IUD Device (no cost share)	X	X	
Implant Device (no cost share)	X	X	
Permanent Implantable Contraceptive Coil (subject to the appropriate deductible and benefit percentages)	X		
Insertion and/or Removal of Devices (no cost share)	X		
Sonogram to Detect Placement of Device (no cost share)	X		
Injectable Contraceptives (no cost share)	X	X	
Injectable Administration Fee (no cost share)	X		
Diaphragm (cervical), Hormone Vaginal Ring, Hormone Patch, Cervical Cap, Spermicides, Sponges (no cost share)		X	
Diaphragm Instruction and Fitting Fee (no cost share)	X		
Emergency Birth Control			X
Over-The-Counter (OTC) Birth Control			X
Contraceptive Management/Urinalysis/Pregnancy Test (no cost share)	X		
Female Condoms (no cost share)		X	
Female Surgical Sterilization	X		
Medications for risk reduction of breast cancer in women who are at increased risk for breast cancer and at low risk for adverse medication effects: Tamoxifen or Raloxifene		X	

Women found to be at increased risk using a screening tool designed to identify a family history that may be associated with an increased risk of having a potentially harmful gene mutation must receive coverage w/o cost-sharing for genetic counseling, and, if indicated, testing for harmful BRCA mutations. This is true regardless of whether the woman has previously been diagnosed with cancer, as long as she is not currently symptomatic of a receiving active treatment for breast, ovarian, tubal, or peritoneal. Jan 1, 2016 genetic counseling for BRCA testing is covered 100% as a preventive benefit.

Mandate to provide a list of the lactation counseling providers available within the network under the plan or coverage. Grandfathered plans cannot apply cost-share expenses for OON lactation services. Services for lactation support services w/o cost-sharing must extend for the duration of breastfeeding.

Monthly Employer Subsidy or Defined Contribution Amounts

Due to the employer customization regarding defined contribution amount for employees, part-time employees that meet the definition of an active employee (an Employee who works at least twenty (20) hours per week or is accessing vacation, sick or paid/unpaid Family Medical Leave Act of 1993 (FMLA) and is receiving the same benefits as all other employees) and/or dependents, TML MultiState Intergovernmental Employee Benefits Pool requests the below information to ensure accurate information is maintained in the enrollment, eligibility and billing adjudication system.

Employer Funded Defined Contribution

Dependent Additional Employer Subsidy or Defined Contribution

	<u>Employee</u>		<u>Spouse</u>		<u>Child</u>		<u>Family</u>	
	Amount	% of Rate						
Active Employees								
Employer Subsidy	\$ _____ or _____%							
Employer Defined Contribution	\$ _____		\$ _____		\$ _____		\$ _____	
Retirees	\$ _____ or _____%							

Additional Employer Funding for HRA, FSA or HSA (Example criteria: 100% participation in Employer Fair; Receipt of Healthy Initiative Payment)

HRA \$ _____ Criteria: _____

Employer Contribution to FSA \$ _____ Criteria: _____

Employer Contribution to HSA \$ _____ Criteria: _____

NOTE: If you have funding requirements that cannot be specified in the above form, please contact your Billing & Eligibility Representative.

Signature Section

The undersigned employer hereby acknowledges that for an employee to receive coverage, TML MultiState Intergovernmental Employee Benefits Pool (IEBP) must receive enrollment information within thirty-one (31) days of the commencement of employment regardless of whether the Employer has a waiting or a waiting and orientation period. If an employee is not enrolled within thirty-one (31) days of hire, the employee cannot be added to the Plan until the next Open Enrollment period or a qualifying event occurs.

_____ Employer	_____ Authorized Signature	_____ Date
	_____ Printed Name	_____ Title

The entity named on this Rerate and Benefit Verification Form desires large claim information as specified in Article 21.49-15 of the Insurance Code in Section 2.(2), to be for individual claims that reach or exceed \$35,000 during the plan year. This information is considered confidential for purposes of Chapter 552 of the Local Government Code.

The rates are based on census information five months prior to plan year. If the census changes by more than 10%, TML MultiState IEBP reserves the right to revise rates due to census change and underwriting impact.

_____ Tax ID Number	_____ Authorized Signature	_____ Date
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CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 9

Deliberate and act on Section 125 Flexible Spending Arrangement (FSA) agreement with TML MultiState Intergovernmental Employee Benefits Pool.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND:

Pre-Tax Premium Only:

Section 125 of the Internal Revenue Code allows, among other things, employers to deduct employee insurance premiums pre-tax, thereby eliminating payroll taxes for the employee's premium as well as the employer's payroll tax obligations. The proposed agreement affects only those dollars that an employee pays towards an insurance premium, whether it is the employee contribution to the employee premium or for premium payments the employee makes for additional optional coverage.

Unreimbursed Healthcare:

To assist employees with medical or healthcare expenses, we have an opportunity to participate in the Unreimbursed Healthcare Spending Account Plan. This Plan is part of the Plan Sponsor Section 125 Cafeteria Plan. This FSA account plan allows employees to pay for healthcare expenses that are not or cannot be reimbursed by our health benefit program, such as monthly contributions, deductibles, and the benefit percentage that is your responsibility, with before-tax dollars. This plan offers the employee the opportunity to make contributions to the FSA account to cover these expenses with before-tax moneys. This FSA allows the employee to list all eligible dependents to utilize the contributions. This is a Carryover Plan that will allow for the maximum amount of \$500.00 to be carried over to the following plan year. Any remaining amount not used for expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax law. Each participant will be issued a debit card to access their account and pay for healthcare expenses.

See the accompanying agreement for details.

FISCAL ANALYSIS: The City will save a small amount of payroll taxes on the portion of the employee's premium payment that is pre-tax, in addition to the cafeteria plan contributions that are pre-tax. There is a cost to the City from TML as the Plan Administrator. There is a one-time setup fee to enroll in the Section 125 Flexible Spending Plan in the amount of \$50.00. There is a monthly service fee for the City of \$3.70 per participant for the debit card.

Since this is a voluntary, employee funded option and we have no history with this type of plan, estimating the City's net cost is not possible. There is a small amount of risk for the employee if

they contribute more than they use and there is a small amount of risk to the City if an employee separates early; however, experience in other communities shows this to be negligible for both.

RECOMMENDATION: Staff recommends Council approve the Section 125 Flexible Spending Arrangement agreement with TML MultiState Intergovernmental Employee Benefits Pool, as presented.



PLAN YEAR 2016-2017

SECTION 125 FLEXIBLE SPENDING ARRANGEMENT (FSA) ACCOUNT QE CARRYOVER SERVICE AGREEMENT

CITY OF ROCKPORT

**Benefit Service Specialist:
Victor Diaz**

Helpful Resources	Contact Information and Accessible Hours
TML MultiState Intergovernmental Employee Benefits Pool (IEBP)-----	Physical: 1821 Rutherford Lane, Suite 300 Austin, Texas 78754 Mailing: PO Box 149190 Austin, Texas 78714-9190
Customer Care Helpline -----	(800) 282-5385 8:30 AM - 5:00 PM Central
Secured Customer Care E-mail: Medical -----	Visit www.iebp.org ▶ click on the "Login" button ▶ click on "Online Customer Care" under the "My Tools" menu ▶ click on "Send a Secure Email" ▶ 8:30 AM - 5:00 PM Central
Secured Customer Care E-mail: Dental-----	dental-mail@iebp.org
Provider Benefit Information Portal: Provider information can be found under the Provider Services menu. Member specific information such as Eligibility, Claims, Summary of Benefits and Coverage, Provider Coding Guidelines, Medication Therapy Management Guide, Member Rights and Responsibilities, Provider/Member Appeal Rights and IEBC Quality Improvement Plan information is also available.	Visit www.iebp.org ▶ to register, click on the "Sign Up" link under the provider section ▶ to login, click on the "Login" button at the top right hand side of the screen
TML MultiState IEBC Internet Website -----	www.iebp.org Twenty-four (24) hrs
MyIEBC Mobile Access -----	iPhone–App Store, Droid–Google Play, All other Phones– www.iebp.org Twenty-four (24) hrs
Information on how IEBC evaluates new technology for inclusion as a covered benefit-----	Visit www.iebp.org ▶ click on "About Us" ▶ click on "Technology"
Medical Authorizations -----	(800) 847-1213 8:30 AM - 5:00 PM Central
Professional Health Coaches: Professional Health Coaches will answer basic health and medication questions and assist Covered Individuals with the Healthy Initiatives Incentive Program. Covered Individuals may enroll in professional health coaching.	(888) 818-2822 8:30 AM - 6:00 PM Central or Scheduled Appt.
Spanish Line -----	(800) 385-9952 Spanish_cc@iebp.org (There is an underscore between Spanish and cc.)
Where to Mail Paper Medical Claims -----	TML MultiState IEBC PO Box 149190 Austin, Texas 78714-9190
After Hours and/or Weekend Medical and Mental Healthcare Emergencies -----	Call 911 or immediately go to the emergency department.
IEBC Performance Improvement Plan -----	Visit www.iebp.org ▶ click on the "Login" button ▶ click on "My Tools" ▶ click on "Quality Improvement Program"

Service Agreement for Plan Administrator

This SERVICE AGREEMENT between the City of Rockport, (Plan Sponsor) and TML MultiState Intergovernmental Employee Benefits Pool, (Plan Administrator) will be effective on October 1, 2016.

WITNESSETH:

Section I - The Plan

- 1.1 The Plan Sponsor has adopted an Employee Flexible Benefits Plan under Section 125 of the Internal Revenue Code. This Plan is offered to all eligible employees who are qualified by employment status.
- 1.2 The Plan Participants are the employees enrolled in the Plan.
- 1.3 All contributions to the Plan shall be deposited in the name of the Plan with a Bank designated by the Plan Administrator subject to approval of the Plan Sponsor if requested by the Plan Sponsor.
- 1.4 The Plan Sponsor agrees that a healthcare expense reimbursement arrangement is a health plan under Title II of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Plan Sponsor agrees that it is the Plan Sponsor's, and not the Plan Administrator's, responsibility to ensure that its healthcare expense reimbursement arrangement plan, if any, is compliant with all relevant sections of HIPAA Title II or any other law.

Section II - The Plan Administrator

- 2.1 The Plan Administrator shall provide consulting services, and shall assist the Plan Sponsor in the administration of the Flexible Benefits Plan.
- 2.2 The Plan Administrator shall have the full responsibility for maintaining accounts for each eligible person electing to participate in the Plan. The Plan Administrator shall arrange for eligible claims payments from funds deposited by the Plan Sponsor as directed by their participating employees. The claims payments shall be made by the Plan Administrator by issuing a check or draft to the participant upon the Plan Bank Account, if such account is provided for this purpose, in an amount equal to the qualified charges from the submitted claim. The claims submitted by the Plan Participants shall be paid within ten days of receipt by the Plan Administrator.
- 2.3 To the extent that information is available to the Plan Administrator, the Plan Administrator shall assist the Plan Sponsor in the preparation of any report, tax return or similar papers required by state or the Federal Government pertaining to the operation or management of the Flexible Benefits Plan; however, the ultimate responsibility for filing any governmental document shall be with the Plan Sponsor.
- 2.4 The Plan Administrator shall render periodic reports to each participant, which shall include the following:
 - a. Receipts of the Participant's Plan Contributions;
 - b. Disbursement of Plan Contributions through claims payments; and
 - c. Statements of (a) and (b) above shall automatically be provided each Participant following the submission and payment of a qualified claim.
- 2.5 The Plan Administrator shall prepare a Plan Document for the Flexible Benefits Plan sponsored by the Plan Sponsor. The Plan Sponsor shall assume the responsibility of obtaining legal review of the Plan Document.
- 2.6 Unless otherwise provided, the Plan Administrator is authorized to do all the things necessary or convenient to carry out the terms and purposes of the Plan.

Section III - Procedure for Making and Payment of Claims for Benefits from the Fund

- 3.1 Any covered person may make application for benefits from the Plan as provided by the Plan upon the form or forms provided by the Plan Administrator. The applicant shall fully and truthfully complete such application for benefits and the applicant shall supply all such pertinent information including copies of paid receipts, as may be required under the Section 125 rules and specified by the Plan Administrator.

- 3.2** The Plan Administrator shall accept copies of any application for benefits made in the appropriate manner shall duly investigate and verify the statements made on the application and determine benefit eligibility. If the facts as stated in such application entitle the covered person to receive payment of benefits from the Plan, the Plan Administrator shall forthwith arrange for the proper payment.
- 3.3** Claim filings shall be mailed/faxed to the person or department designated by the Plan Administrator. If appropriate, claims could be submitted through the debit card transaction. Claims checks are processed each week. During the last month, eligible claims of any amount shall be processed by the Plan Administrator.
- 3.4** All Plan benefits processed by the Plan Administrator shall be mailed to the qualified Plan Participant within ten (10) days of approval.
- If the Plan Administrator finds that the Plan Participant is not entitled to a claim payment under the Plan, the claim application shall be denied, all or in part, and returned to the Plan Participant with the Plan Administrator's reason for denial. The Plan Participant may appeal a denial by the Plan Administrator to the Plan Sponsor. The Plan Sponsor's determination is final and conclusive upon the covered person.
- 3.5** The Plan Administrator shall not be liable for any failure or refusal to pay or honor any application for benefits made pursuant to this Agreement; and to the extent allowed by law, the Plan Administrator must be indemnified by the Plan Sponsor for any liability related to its duties herein, and shall be reimbursed by the Plan Sponsor for any expense, loss, damage, or legal fees incurred by the Plan Administrator in defending any claims or demands made against the Plan Sponsor, the Plan Administrator or the Plan. This paragraph will not apply for any loss due to the gross negligence or willful misconduct of the Plan Administrator.

Section IV - Costs of Administrator

- 4.1** The Plan Administrator shall be entitled to a fee or fees for its service to the Plan and, under this Agreement, the fee shall be paid in the form of an advance start-up costs, a pass through of printing or printing preparation costs and monthly service fee.

Item	Cost	Payable
Setup Fee	\$50.00/Group	One time ⁽¹⁾
Monthly Service Fee ⁽²⁾	\$3.70/Participant Debit \$5.00/Participant Paper	Monthly
Conversion (from Grace Period) Fee	\$50.00/Group	One time
Special Reports ⁽³⁾	As agreed upon	30 days following receipt of report

(1) One time set up fee for each group that enrolls in the Section 125 Flexible Spending Plan.

(2) Monthly Service Fee includes:

- a) processing contribution;
- b) processing claims (review and verification);
- c) paying claims (direct mail to employee);
- d) paying dependent premium (if applicable);
- e) employee fund balance statement with each reimbursement; and
- f) statement of fund balances and projected year-end balance at close of Plan Year fourth quarter.

The health flexible spending arrangement (FSA) participants may carryover a designated balance ("designated carryover") to the next plan year a balance of \$_____ leftover in the unreimbursed health
(Unreimbursed Healthcare Carryover not in excess of \$500)

FSAs only at year's end on qualified health expenses, pursuant to IRS Notice2013-71. Expenses for health FSA qualified benefits incurred during the current plan year may be paid or reimbursed from benefits or contributions remaining unused at the end of the immediately preceding plan year, not to exceed the designated carryover. Upon exhaustion of that benefit, monies can be accessed from current year contributions. The plan cannot permit cash-out or conversion of unused benefits or contributions, to any other taxable or nontaxable benefit. If the employee at any time becomes covered under a high deductible health plan ("HDHP"), as prescribed by Section 223 of the Internal Revenue Code) with an accompanying health savings account ("HSA") then the FSA will automatically convert from a general purpose FSA to a post-deductible FSA for any amounts incurred when the HDHP is in effect. This means that expenses for non-preventive medical costs will not be paid until the deductible for the HDHP has been met, and then only to the extent that those costs exceed the deductible.

- (3) Normal Reports to the Plan Sponsor, at no additional cost are:
- a) initial enrollment verification;
 - b) quarterly fund balance;
 - c) projected year-end fund balance at the close of the Plan Year fourth quarter; and
 - d) health FSA designated carryover balances not to exceed \$500.00 will be included in fund balance, plus interest earned if any.

Section V - The Plan Sponsor

- 5.1** As of the effective date of this Agreement, the Plan Sponsor shall provide the Plan Administrator with a complete list of all employees who are eligible for benefits under the Plan. The Plan Sponsor shall arrange for enrollment meetings and, with the Plan Administrator's assistance, complete Plan enrollment.
- 5.2** The Plan Sponsor shall collect funds in accordance with authorized payroll reductions or deductions and shall remit these monies to the Plan Administrator on a monthly (or pay period) basis.
- 5.3** The Plan Sponsor shall forward the appropriate service fees to the Plan Administrator on the first of each calendar month or in conjunction with the monthly plan fund collections.
- 5.4** The Plan Sponsor shall assist in the enrollment of eligible employees in the Plan, notify the Plan Administrator of any change of eligibility, cooperate with the Plan Administrator with regard to proper claim settlement, transmit to the Plan Administrator proper claim settlement and transmit to the Plan Administrator all inquiries pertaining to the Plan.
- 5.5** The Plan Sponsor shall be responsible for filing any documents required by the Internal Revenue Service.
- 5.6** The Plan Sponsor limits contributions to the Plan to \$_____ per employee (January 2015 and thereafter),
(Unreimbursed Healthcare Spending maximum \$2,550)
unless otherwise specified below the signature line on this agreement.

Section VI - Termination of the Agreement

- 6.1** This Agreement may be terminated by the Plan Sponsor or the Plan Administrator by written notice of intention to terminate given to the other party, to be effective as of an annual plan anniversary date. Said written notice shall be given not less than thirty (30) days prior to such termination. The thirtieth (30th) day shall coincide with the last day of a calendar month. The Plan Administrator may also terminate this agreement following the termination of any medical, dental, or vision coverage provided by the Plan Administrator to the Plan Sponsor, to be effective upon ten (10) days written notice sent to the Plan Sponsor, effective on the date specified in the notice. All obligations of the Plan Administrator related to the relevant rights of the covered Participant to payments of benefits from the Plan will be terminated and extinguished on the effective date of termination given in the notice whether or not the claim for such benefits arose prior to or following the termination of this Agreement. Absent a written notice of termination this agreement will annually renew on the effective date set forth at inception. In no case shall termination by the Plan Administrator relieve the Plan Sponsor of its obligation to maintain the Plan.

Section VII - Qualifications

- 7.1** To qualify the Plan Sponsor must have on file a current Interlocal Agreement with the TML MultiState Intergovernmental Employee Benefits Pool. The Plan Sponsor must have ten (10) percent of the eligible employees participate in the Plan. Should these qualifications not be met, or maintained, the Plan Administrator may terminate this agreement pursuant to Section VI.

Section VIII - Miscellaneous Provisions

- 8.1 In the event of resignation or inability to serve as the Plan Administrator, the Plan Sponsor may appoint a successor.
- 8.2 If during the operation of the Plan, the United States Government, the government of any state or any instrumentality or either shall assess any tax against the Plan and the Plan Administrator is required to pay such tax, the Plan Administrator shall report the payment to the Plan Sponsor who will reimburse the Plan Administrator for such tax or assessment.
- 8.3 The Plan Administrator shall incur no liability to the Plan Sponsor or to an employee or dependent of the Plan Sponsor for any act or failure to act not directly connected with processing and payment of claims as provided in this Agreement, except where the liability is proximately caused solely by the gross negligence or willful misconduct of the Plan Administrator. To the extent allowed by law, the Plan Sponsor shall hold the Plan Administrator harmless from and indemnify it against any and all liability, claims, damages (including punitive or consequential damages), costs, expenses, or fees (legal or otherwise) incurred or paid in connection therewith which might be asserted by the Plan, the Plan Sponsor's employees or other persons for which the Plan Administrator would not be liable to the Plan Sponsor as set forth above.
- 8.4 Where the context of the Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine.
- 8.5 This Agreement may be amended by the Plan Sponsor and the Plan Administrator at any time by mutual written consent of said parties.
- 8.6 The Plan Sponsor hereby is designated the agent for service of legal process on behalf of the Plan, in its principal office.

IN WITNESS THEREOF, the Plan Sponsor and the Plan Administrator have executed this Agreement this _____ day of _____, 20____.

City of Rockport

TML MultiState Intergovernmental Employee Benefits Pool

By _____

By _____

Name _____

Name Susan L. Smith

Title _____

Title Executive Director

Address _____

Healthcare Limitation amounts are limited to \$_____.
[standard maximum \$2,550 (January 2015 and thereafter) or amount established by Employer]

The Section 125 Flex Plan Year is _____ to _____.



PLAN YEAR 2016-2017

SECTION 125 FLEXIBLE SPENDING ARRANGEMENT (FSA) ACCOUNT QE CARRYOVER PLAN BOOK

Helpful Resources	Contact Information and Accessible Hours
TML MultiState Intergovernmental Employee Benefits Pool (IEBP)-----	Physical: 1821 Rutherford Lane, Suite 300 Austin, Texas 78754 Mailing: PO Box 149190 Austin, Texas 78714-9190
Customer Care Helpline -----	(800) 282-5385 8:30 AM - 5:00 PM Central
Secured Customer Care E-mail: Medical -----	Visit www.iebp.org ▶ click on the "Login" button ▶ click on "Online Customer Care" under the "My Tools" menu ▶ click on "Send a Secure Email" ▶ 8:30 AM - 5:00 PM Central
Secured Customer Care E-mail: Dental-----	dental-mail@iebp.org
Provider Benefit Information Portal: Provider information can be found under the Provider Services menu. Member specific information such as Eligibility, Claims, Summary of Benefits and Coverage, Provider Coding Guidelines, Medication Therapy Management Guide, Member Rights and Responsibilities, Provider/Member Appeal Rights and IEBP Quality Improvement Plan information is also available.	Visit www.iebp.org ▶ to register, click on the "Sign Up" link under the provider section ▶ to login, click on the "Login" button at the top right hand side of the screen
TML MultiState IEBP Internet Website -----	www.iebp.org Twenty-four (24) hrs
MyIEBP Mobile Access -----	iPhone--App Store, Droid--Google Play, All other Phones-- www.iebp.org Twenty-four (24) hrs
Information on how IEBP evaluates new technology for inclusion as a covered benefit-----	Visit www.iebp.org ▶ click on "About Us" ▶ click on "Technology"
Medical Authorizations -----	(800) 847-1213 8:30 AM - 5:00 PM Central
Professional Health Coaches: Professional Health Coaches will answer basic health and medication questions and assist Covered Individuals with the Healthy Initiatives Incentive Program. Covered Individuals may enroll in professional health coaching.	(888) 818-2822 8:30 AM - 6:00 PM Central or Scheduled Appt.
Spanish Line -----	(800) 385-9952 Spanish cc@iebp.org (There is an underscore between Spanish and cc.)
Where to Mail Paper Medical Claims -----	TML MultiState IEBP PO Box 149190 Austin, Texas 78714-9190
After Hours and/or Weekend Medical and Mental Healthcare Emergencies -----	Call 911 or immediately go to the emergency department.
IEBP Performance Improvement Plan -----	Visit www.iebp.org ▶ click on the "Login" button ▶ click on "My Tools" ▶ click on "Quality Improvement Program"

Plan Description

Flexible Benefit Plans

- Premium Conversion
- Unreimbursed Healthcare Spending Account (QE Carryover)
- Dependent Care Account

Table of Contents

Introduction	5
General Information	5
Name and Type of Plan and Fiscal Year.....	5
Administration of the Plan.....	5
Agents for Service of Legal Process.....	5
Amendments to or Termination of the Plan.....	5
Flexible Benefit Plan	5
How the Program Works.....	6
What are Before-Tax Dollars?.....	6
Eligibility.....	6
Changes in Eligibility.....	6
Choosing a Deposit Amount.....	6
Restrictions on Changing Your Deposit Amounts.....	6
Separation from Service.....	7
Forfeiture of Benefits.....	8
No Transfer between Accounts.....	8
Reimbursements.....	8
FSA Account Statements.....	8
Active Duty Reservist.....	8
The Effect of the Plan on Other Benefits	8
Claims Information	9
Payment of Paper Claims.....	9
Payment of Debit Card Claims.....	9
Premium Conversion Plan	9
Unreimbursed Healthcare Spending Account	9
What Expenses are Eligible for Reimbursement?.....	10
How to Get Reimbursed.....	10
Step 1.....	10
Step 2.....	11
Step 3.....	11
COBRA Continuation of Coverage (COC) Rights	11
Protecting Your Health Information	14
Dependent Care Reimbursement Account	14
Why You Should Budget Carefully.....	15
How to Get Reimbursed.....	15
Step 1.....	15
Step 2.....	15
Step 3.....	15
Step 4.....	16
Typical Eligible Medical or Medical-Related Expenses	16
Eligibility Status Definitions.....	16

Not Included as Eligible Products for Approval Dual-Purpose	16
Eligible Over the Counter (OTC)	16
Prescribed Drugs and Medicines, including Prescribed Over The Counter (OTC)	16
Dual-Purpose	17
Ineligible	17
Definitions	33
Dependent.....	33
Dual-Purpose	33
Employee.....	33
Participant	34
Plan Year.....	34
Salary Reduction Agreement.....	34
Spouse	34
Qualifying Event	34
Capital Expenses	35
Capital Expenses Worksheet	36
Medical Necessity Availability Form	37
Employee Enrollment Form	38
Employee Change Form.....	39
Unreimbursed Reimbursement Form	40
Dependent Care Reimbursement Form.....	41
Recurring Expense Service Form	42
Account Claim Form	43

Introduction

The Plan Sponsor recognizes that many employees in today's work force are faced with childcare expenses. In addition, the Plan Sponsor recognizes that certain medical or healthcare expenses are not fully covered by your health benefit program.

To assist employees with these expenses, we are offering you the opportunity to participate in the Plan Sponsor Dependent Care Account and Unreimbursed Healthcare Spending Account Plans. These Plans are part of the Plan Sponsor Section 125 Cafeteria Plan. These FSA Account plans allow you to pay for dependent care and healthcare expenses that are not or cannot be reimbursed by your health benefit program, such as the monthly contributions, deductibles and the benefit percentage that is your responsibility, with before-tax dollars. This plan offers you the opportunity to make contributions to FSA Accounts to cover these expenses with before-tax moneys.

You will be reimbursed for childcare expenses and unreimbursed healthcare expenses from your FSA Accounts as you present your claims for payment.

We have written this booklet with as few technical terms as possible, so that you will be aware of your benefit rights. Every effort has been made to make the booklet as complete and accurate as possible. However, if any conflict should arise between this booklet and the Plans, the terms of the Plans will govern.

Plan Sponsor will be happy to supply you with any additional information so that you will have a complete understanding of the benefits.

General Information

Name and Type of Plan and Fiscal Year

The names of the Plans are the Plan Sponsor Dependent Care Account and the Plan Sponsor Unreimbursed Healthcare Reimbursement Account Plan. The Dependent Care Account is a plan authorized under Section 129 of the Internal Revenue Code. The Unreimbursed Healthcare Reimbursement Account is authorized under Sections 105 & 125 of the Internal Revenue Code. All Plans are provided under the Plan Sponsor Plan, which is an authorized Internal Revenue Code Section 125 Cafeteria Plan.

Administration of the Plan

The Plan Sponsor is the Member or its designated staff.

The Plan Administrator is the TML MultiState Intergovernmental Employee Benefits Pool.

Agents for Service of Legal Process

Legal process may be made on the Plan Sponsor.

Amendments to or Termination of the Plan

The Plan may be modified, amended or terminated in whole or in part, at any time by the Plan Sponsor or its designee.

Flexible Benefit Plan

A flexible benefits plan is a benefit designed to increase employee's spendable income by reducing their taxes. Internal Revenue Code Section 125 allows employers to provide three basic types of flexible benefits plans to their employees.

1. Premium Conversion plan
2. Dependent Care Spending Account
3. Unreimbursed Healthcare Spending Account

How the Program Works

The Flexible Benefits Plan lets you set aside part of your pay on a *before-tax* basis to:

1. Pay certain insurance premiums through the **Pre-tax Premium Conversion Option**;
2. Set up an **Unreimbursed Healthcare Reimbursement Account** to pay certain medical, dental, vision and hearing care expenses not covered by insurance (Unreimbursed Healthcare Account standard maximum **\$2,550** per year or a lower amount established by the employer [Patient Protection Affordable Care Act Cap in 2015 is \$2,550]) with a maximum designated carryover to the next year of \$_____; and
(Unreimbursed Healthcare Carryover not in excess of \$500)
3. Set up a **Dependent Care Account** to pay eligible childcare and dependent care expenses while you and your spouse (if married) are at work. Yearly maximum is **\$5,000 (with no carryover)** for married employees who file separate returns). These options are explained in more detail in the sections to follow.

What are Before-Tax Dollars?

The before-tax dollars you contribute to this program is money that is *never* taxed for federal income tax and social security tax purposes. Basically, the program reduces your taxable income.

Participating in the Flexible Benefits Plan will not affect your other benefits or your employment contract. They will continue to be based on your actual income. Your W-2 form, however, will show a reduced amount of pay according to your Pre-tax Premium Conversion and Reimbursement Account elections.

Eligibility

You are eligible for the FSA Account plans for Premium Conversion, dependent care and/or healthcare expenses on the plan's effective date if you are eligible to receive other employee benefits from your employer. You will have the opportunity to make before-tax contributions to each of the FSA Account plans. You can make your elections by completing the election form or the on-line enrollment form.

Changes in Eligibility

You will cease to be eligible for the plan if the following occurs:

1. the plan terminates,
2. you are no longer an eligible employee of the Plan Sponsor, or
3. you elect to revoke your elections because you qualify for leave under the Family and Medical Leave Act of 1993 (FMLA).

If you revoke your eligibility under the provisions of FMLA and then return to work you may reinstate your elections on the same terms as prior to the leave. If you are no longer an eligible employee of the Plan Sponsor, you must elect COBRA continuation of coverage and promptly pay 102% of your contracted contribution in order to access any benefit balance for claims incurred after the date of your termination.

Choosing a Deposit Amount

When you enroll in the plan, you must specify the amount of your income you want deducted, on a pre-tax basis for the pre-tax Premium Conversion plan, Dependent Care Spending Account and/or Unreimbursed Healthcare Spending Account. Equal payroll deductions will be taken from each paycheck during the plan year. The Unreimbursed Healthcare Spending Account contributions are established by the employer with a standard maximum amount of \$2,550 per year (January 2015 and thereafter).

Restrictions on Changing Your Deposit Amounts

You may not change or revoke your elections during the plan year except as prescribed in federal regulations. Those qualifying events include, but are not limited to the following circumstances:

1. Change in legal marital status, including marriage, divorce or legal separation, death of spouse or annulment.
2. Change in the number of dependents including birth, adoption and placement for adoption or death of a dependent.
3. Change in employment status, including commencement or termination of employment of the employee, spouse or dependent.
4. Change in work schedule including an increase or decrease in the number of hours of employment by employee, spouse, or dependent including a switch from full-time to part-time status, a strike or lockout, or commencement or return from an unpaid leave of absence.

5. The dependent satisfies or ceases to satisfy the requirements for dependents. An event that causes an employee's dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, or any similar circumstances as provided under the accident or health plan under which the employee receives coverage.
6. A change in the place of residence or work site of the employee, spouse or dependent.
7. An employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled for coverage under such terms) may enroll for coverage under the terms of the plan within sixty (60) days of loss of coverage, due to loss of eligibility, under Medicaid or a State Children's Health Insurance Program (SCHIP).
8. If the dependent child is dropped by SCHIP (State Children's Health Insurance Program).
9. If the employee, spouse or dependent become entitled to Medicare or Medicaid, the employee may elect to cancel the coverage on the employee, spouse or dependent.
10. If the plan receives a Qualified Medical Child Support Order (QMED) pertaining to an employee's dependent, an employer may elect to change the election without the consent of the employee.
11. If the plan sponsor significantly changes either the cost of coverage or the coverage itself during the year, participants may change their benefit election as a result.
12. If FMLA applies to the employer, it applies to the Flex plan. An employee requesting leave under FMLA may revoke his or her existing Flex plan. However, if the employer pays the employee's share of the contribution, the employee may not revoke coverage.
13. If an employee loses health coverage while on FMLA or protected leave the employee must make a required payment for the employer to reinstate the employee's coverage upon request. An employee on FMLA leave has the same rights as other employees to take advantage of the change in family status rule. During the FMLA period, payment of contributions must continue without regard to leave. FMLA requirements do not apply to non-health benefits such as life insurances or dependent care provided through the Flex plan. If the employee fails to make a scheduled payment, the employer may make the payment on the employee's behalf and recoup it after the employee returns from leave using the "catch-up" rules.
14. Substantial decrease in the medical providers available in the PPN, reduction of benefits for a specific type of medical conditions or treatment and/or similar reduction of loss of coverage.
15. If covered individual transitions from paid to a non-paid daycare service.
16. Cessation of required contributions.
17. Any other change of status allowed under the regulations of the Internal Revenue Service.
18. If an employee's hours of employment drop to under thirty (30) hours per week, regardless of whether the drop in hours results in a loss of eligibility under the group health plan, the employee may prospectively revoke the group health plan provided the revocation corresponds with enrollment of the employee and any dependents who were also covered in another plan that provides minimum essential coverage. The new coverage must be effective no later than the first day of the second month following the date coverage is revoked.
19. If a group health plan's plan year is non-calendar, an employee may revoke coverage mid-plan year to enroll in a marketplace plan during the market place open enrollment period. The effective date of the revocation must be 12/31 and the employee must show enrollment of himself/herself and any dropped dependents in a marketplace plan the following 1/1.

If one of the above circumstances does occur during the plan year, you have **thirty one (31) days** from the occurrence to change or revoke your elections. **The change in coverage must be consistent with the qualifying event (QE)**. Plan Administrator has the right to request documentation of changes.

Benefits subject to COBRA Continuation of Coverage may include: medical, health reimbursement coverage in conjunction with the medical, dental, vision, prescription and/or the Flexible Spending benefits. FSA Accounts include Unreimbursed Healthcare Spending Accounts and Dependent Care Accounts.

Separation from Service

An employee who terminates employment and later returns to work cannot rejoin the Flex plan for the balance of the plan year.

Forfeiture of Benefits

You forfeit (1) any amount of dependent care reimbursement benefits and (2) any amount of Unreimbursed Healthcare Spending Account benefits exceeding the designated carryover if a claim for reimbursement is not provided to the Plan Administrator within ninety (90) days after the last day of Plan Year or the last day of participation in the Plan, if earlier. Upon such forfeiture, (1) your Dependent Care Reimbursement Account shall be reduced to zero (0) and (2) your Unreimbursed Healthcare Spending Account shall be reduced to the ending balance or the designated carryover amount, whichever is lesser. At the discretion of the Plan sponsor, forfeitures of benefits under the Plan may be reallocated to Participants in any reasonable manner. Forfeitures of benefits may also be applied toward the cost of administering the Plan. Forfeited benefits shall become the sole property of the Plan Sponsor.

In the event your employment terminates during the plan year, you have ninety (90) days after the last day of participation in the Plan to submit incurred expenses. All employee and dependent coverage will terminate on the **earliest** of the end of the month your employment terminates or the end of the month in which you cease to be an active, full-time Employee. The exception to this rule is that when such termination of coverage would otherwise fall on the last day of the last month of the plan year, you may receive reimbursement for eligible expenses incurred during the plan year and you have up to ninety (90) days after the end of the plan year to file a claim for reimbursement of eligible expenses incurred during the plan year.

The Plan will make a qualified reservist distribution of any available funds in the Unreimbursed Healthcare Spending Account pursuant to the Heroes Earnings Assistance and Relief Tax of 2008 (26 U.S.C.A. 125(h)) upon written request of the qualified reservist.

No Transfer between Accounts

IRS rules do not allow any transfer of funds between accounts. Separate accounts must be mandated for medical expense reimbursement and dependent care reimbursement.

Reimbursements

Dependent Care and any Unreimbursed Healthcare Spending Account not submitted as a medical claim will be reimbursed by completing a claim form and attaching the appropriate documentation or by the adjudication of the recurring expense. Claims are processed and checks mailed weekly.

FSA Account Statements

Each time a flex check is sent to the enrollee it is accompanied with a statement indicating the account balance. A statement is also sent to the employee ninety (90) days prior to the end of the flexible benefit plan year indicating the spending account balance.

Active Duty Reservist

If the Plan Sponsor considers a call to active duty "**unpaid leave**" this will be a "qualifying event" to drop dependent coverage and the employee can reinstate the flexible spending option when they return to work.

If the Plan Sponsor considers a call to active duty "**paid leave**" this will not be considered a "qualifying event" and the employee cannot change their flexible spending contributions. In other words, the employee's pay will be reduced by the same amount as it was before being called to active duty.

The Effect of the Plan on Other Benefits

Some of the benefits provided by the Plan Sponsor Plan (e.g., pension benefits, group life insurance benefits) are determined on the basis of your earnings. For the purpose of these benefits, the Plan provided by the Plan Sponsor, will be based on your earnings before any salary reduction contributions to the FSA Account plans are taken into account.

Under present law, your earnings for the purpose of determining your Social Security benefits and FICA taxes do not include salary reduction contributions under the Plan Sponsor Plan, including salary reduction contributions to these FSA Account plans. In almost all cases, the value of the FICA, Federal and state income tax savings to you will exceed the reduction in your eventual Social Security benefits.

Further information on this subject is available from the Plan Sponsor.

Claims Information

Payment of Paper Claims

In order to receive reimbursement for an eligible claim for dependent care or unreimbursed healthcare expenses, you must complete the form supplied to you by your employer. This form may require you to submit additional information pertaining to your claims, such as a signed statement from your physician for healthcare services received.

All payments for eligible claims will be reimbursed within ten (10) business days of receipt. If claims remain at the end of the Plan Year for which there are no remaining funds in your account to reimburse you, these claims will **not** be paid, carried over or charged against the balance in your account in any subsequent Plan Year. **You will not be reimbursed for these excess claims.**

› **All payments for claims will be made directly to you and not any provider of service.**

Payment of Debit Card Claims

In order to receive reimbursement for an eligible claim the card can only be used at merchants and service providers that have approved merchant category codes related to healthcare, such as physician, pharmacies, dentists, vision care offices, hospitals, and other merchant code providers.

Premium Conversion Plan

The Premium Conversion Plan allows you to pay for healthcare contributions, which you pay and are payroll deducted, on a pre-tax basis and reduce your taxable income. Examples are the contributions for dependent medical, dental or vision coverage. Also included are contributions for optional employee life, but not dependent life. It is like getting an instant tax refund every payday. In fact, many employees may even increase their take-home pay just by participating in this option.

Note: A maximum of \$50,000 basic and/or optional life can be claimed on a pre-tax basis. Any group life insurance in excess of \$50,000 is taxable and must be paid with after tax dollars. Employee salary reductions for the excess coverage are not taken into account when determining the amount to include in an employee's taxable income for the excess coverage.

Once Enrolled, You May Not Change your election to have your dependent contribution taken out of your paycheck pre-tax for the remainder of the flex plan year unless it is a designated IRS qualifying event (*see page 41*).

Unreimbursed Healthcare Spending Account

The Unreimbursed Healthcare Spending Account reimburses an employee's pledge amount not to exceed the employer's unreimbursed healthcare spending amount limit to a standard maximum of \$_____ per plan year (January 2015 and thereafter).
(Unreimbursed Healthcare Spending maximum \$2,550)

Pursuant to IRS Notice 2013-71, a balance of no more than \$500.00 may be carried over to the next plan year. Neither the maximum amount for unreimbursed health nor the designated carryover has any effect on the dependent care flex benefit. The dependent care flex benefit will remain at \$5,000 (or \$2,500 in married and filing separately). If the employee at any time becomes covered under a high deductible health plan ("HDHP"), as prescribed by Section 223 of the Internal Revenue Code) with an accompanying health savings account ("HSA") then the FSA will automatically convert from a general purpose FSA to a post-deductible FSA for any amounts incurred when the HDHP is in effect. This means that expenses for non-preventive medical costs will not be paid until the deductible for the HDHP has been met, and then only to the extent that those costs exceed the deductible.

What Expenses are Eligible for Reimbursement?

Only medical expenses that are not covered by your medical insurance and that are allowable by the Internal Revenue Service (IRS) may be reimbursed from your account. Expenses for your dependents are included as long as that person is a dependent as defined by the IRS.

Included is an alphabetical list of items that are encountered frequently by persons utilizing FSA Accounts. Some of these items may be reimbursed, and some may not; a brief note indicating which category the item falls into follows each item.

How to Get Reimbursed

Claiming your before-tax dollars to pay covered expenses is an easy process. In addition, the medical care must be provided during the plan year for which you have set up your account.

Your expenses will be reimbursed up to the amount you have pledged for the year in your Unreimbursed Healthcare Spending Account. The total yearly amount is available for reimbursement as soon as the plan year starts and the expense incurred.

Step 1

Paper Claim. When you have a covered medical expense, obtain a receipt showing the date of service and the service provided (you do not have to pay for the service before submitting it for reimbursement).

Before applying for reimbursement, submit any medical bills covered by insurance as you normally would to any insurance company that covers you or your dependents. IRS allowable expenses not reimbursable by insurance can then be submitted for reimbursement. If the service is covered under another insurance policy, submit a copy of the Explanation of Benefits from that insurance company along with a Flex Reimbursement Form for reimbursement (A copy of the form is included in this booklet).

If you are enrolled in both an Unreimbursed Healthcare Spending Account and a Health Savings Account, your Unreimbursed Healthcare Spending Account will not reimburse you for any allowable expenses applied toward satisfaction of your medical plan deductible. If you are enrolled in a Health Savings Account, expenses applied toward your medical plan deductible can be reimbursed only under your Health Savings Account. Except, if your medical plan deductible is more than the minimum deductible established by federal law for a qualified high-deductible health plan, after you have satisfied the minimum deductible required under federal law, either your Unreimbursed Healthcare Spending Account or your Health Savings Account may be used to reimburse expenses applied to your deductible that exceed the federally-established minimum.

Debit Card Claims. Each participating employee certifies upon enrollment for each plan year thereafter that the card will only be used for eligible medical care expenses of the employee, the employee's spouse and dependents. The employee also certifies that any expense paid with the card has not been reimbursed and that the employee will not seek reimbursement under any other plan covering health benefits.

Substantiating Procedures for Debit Card Claims. The employer establishes the following procedures for substantiating claimed medical expenses after the card is used.

First, if the dollar amount of the transaction at a healthcare provider equals the dollar amount of the copayment for that service under the accident or health plan the charge is fully substantiated without the need for submission of receipt. This notice expands the copayment match substantiation method to include as automatic substantiations certain matches of multiple copayments in specific dollar amounts, and the dollar amount of the transaction at a healthcare provider (as identified by its merchant category code) equals an exact multiple of not more than five (5) times the dollar amount of the copayment for the specific service. Under this method, the merchant system must collect and download the inventory control of the purchase.

Second, the Administrator permits automatic reimbursement without further review of recurring expenses that match expenses previously approved as to amount, provider and time period.

Third, if the merchant, service-provider, or other independent third-party merchant at the time and point-of-sale provides information to verify the Administrator (including electronically by e-mail) that the charge is for a medical expense. The charge is fully substantiated without the need for submission of a receipt or further review.

All other charges to the card are treated as conditional pending confirmation of the charge by the submission of additional third-party information, such as receipt.

Step 2

Mail your completed reimbursement claim form and documentation to:

TML MultiState IEBP | PO Box 140167 | Austin, Texas 78714-0167

Fax: (512) 719-6505 or (512) 719-6520

Step 3

You will receive an FSA account reimbursement check made out to you and mailed to your home address. Claims are paid within ten (10) working days from the date of receipt.

COBRA Continuation of Coverage (COC) Rights

Introduction. You're getting this notice because you have recently gained coverage under a group health plan (the Plan). This notice contains important information about your right to COBRA Continuation of Coverage (COC), which is a temporary extension of coverage under the Plan. This notice explains COBRA Continuation of Coverage, when it may become available to you and your family and what you need to do to protect the right to receive it. When you become eligible for COBRA Continuation of Coverage, you may also become eligible for other coverage options that may cost less than COBRA Continuation of Coverage.

The right to COBRA Continuation of Coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA Continuation of Coverage can become available to you and other members of your family when your group health coverage would otherwise end. For more information about your rights and obligations under the Plan and under federal law, you should review the Plan booklet or contact TML MultiState IEBP, 1821 Rutherford Lane, Suite 300, Austin, Texas 78754 or by telephone (800) 282-5385.

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out of pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

What is COBRA Continuation of Coverage? COBRA Continuation of Coverage is a continuation of Plan coverage when it would otherwise end because of a life event. This is also called a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA Continuation of Coverage must be offered to each person who is a "qualified beneficiary." You, your spouse and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA Continuation of Coverage may be required to pay for coverage depending on the policy of your Employer.

If you're an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of either one of the following qualifying events:

1. Your hours of employment are reduced; or
2. Your employment ends for any reason other than your gross misconduct.

If you're the spouse of the employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of any of the following qualifying events:

1. Your spouse dies;
2. Your spouse's hours of employment are reduced;
3. Your spouse's employment ends for any reason other than his or her gross misconduct;
4. Your spouse becomes entitled to Medicare benefits (under Part A, Part B and/or Part C); or
5. You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because of any of the following qualifying events:

1. The parent-employee dies;
2. The parent-employee's hours of employment are reduced;

3. The parent-employee's employment ends for any reason other than his or her gross misconduct;
4. The parent-employee becomes entitled to Medicare benefits (Part A, Part B and/or Part C);
5. The parents become divorced or legally separated; or
6. The child stops being eligible for coverage under the Plan as a "dependent child."

Any decision of whether an Employee was terminated because of gross misconduct will be made by the Employer. The Employer may not change its decision on whether or not a termination was for gross misconduct later than the forty-fifth (45th) day after the date employment terminated or the date a COBRA Continuation of Coverage election notice was mailed to the employee, whichever is earlier. Any determination of gross misconduct shall be based on events that occurred prior to the termination of employment.

Sometimes, filing a proceeding in bankruptcy under Title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to your Employer, and that bankruptcy results in the loss of coverage for any retired employee covered under the Plan, the retired employee will become a qualified beneficiary. The retired employee's spouse, surviving spouse and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

Please note that COBRA Continuation of Coverage does not include any life benefits. If you had voluntary life coverage, you may convert it to an individual policy within thirty-one (31) days of your qualifying event. Contact your Employer's human resources office for more information and conversion forms.

When is COBRA Continuation of Coverage available? The Plan will offer COBRA Continuation of Coverage to qualified beneficiaries only after IEBP has been notified that a qualifying event has occurred. The Employer must notify IEBP of the following qualifying events:

1. The end of employment or reduction of hours of employment;
2. Death of the employee;
3. Commencement of a proceeding in bankruptcy with respect to the Employer; or
4. The employee's becoming entitled to Medicare benefits (under Part A, Part B and/or Part C).

You must give notice of some Qualifying Events. For all other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify IEBP within sixty (60) days after the qualifying event occurs. You must provide notice to: TML MultiState IEBP, 1821 Rutherford Lane, Suite 300, Austin, Texas 78754 or by telephone (800) 282-5385.

How is COBRA Continuation of Coverage provided? Once IEBP receives notice that a qualifying event has occurred, COBRA Continuation of Coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA Continuation of Coverage. Covered employees may elect COBRA Continuation of Coverage on behalf of their spouses, and parents may elect COBRA Continuation of Coverage on behalf of their children.

COBRA Continuation of Coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (Part A, Part B and/or Part C), your divorce or legal separation or a dependent child's losing eligibility as a dependent child, COBRA Continuation of Coverage lasts for up to a total of thirty-six (36) months. When the qualifying event is the end of the employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than eighteen (18) months before the qualifying event, COBRA Continuation of Coverage for qualified beneficiaries other than the employee lasts until thirty-six (36) months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight (8) months before the date on which his employment terminates, COBRA Continuation of Coverage for his spouse and children can last up to thirty-six (36) months after the date of Medicare entitlement, which is equal to twenty-eight (28) months after the date of the qualifying event (thirty-six (36) months minus eight (8) months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA Continuation of Coverage generally lasts for only up to a total of eighteen (18) months. There are three (3) ways in which this eighteen (18) month period of COBRA Continuation of Coverage can be extended.

Active Duty Reservists extension of COBRA Continuation of Coverage. If covered by the Plan as an employee at the time of call to active duty, active duty reservists or guard members and their covered dependents can maintain eligibility on the Plan for up to twenty-four (24) months as prescribed by and subject to the terms and conditions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). The date on which the person's absence begins is the qualifying event for COBRA Continuation of Coverage (COC) to be offered to the reservist or guard member.

If a fire fighter or police officer is called to active duty for any period, the Employer must continue to maintain any health, dental, or life coverage received on the date the fire fighter or police officer was called to active military duty until the Employer receives written instructions from the fire fighter or police officer to change or discontinue the coverage. Such instruction shall be provided no later than sixty (60) days following the Qualifying Event. If no such instruction is given, then coverage will terminate on the sixty-first (61st) day, which shall then become the Qualifying Event for COBRA Continuation of Coverage purposes. Eligibility will meet or exceed requirements of USERRA and/or regulatory compliance.

In administering this coverage, IEBP will follow the time guidelines of COBRA Continuation of Coverage under 42 U.S.C.A.300bb-1 *et seq.* To qualify for this coverage, the employee must give written notice to the Employer within sixty (60) days of the qualifying event. The Employer member must notify IEBP that an employee has been called to active duty and submit a copy of the Employer member's active reservist policy to IEBP.

Disability extension of COBRA Continuation of Coverage. If you or anyone in your family covered under the Plan is determined by Social Security to be disabled and you notify IEBP within sixty (60) days of that determination, you and your entire family may be entitled to receive up to an additional eleven (11) months of COBRA Continuation of Coverage for a total maximum of twenty-nine (29) months. The disability must start at some time before the sixtieth (60th) day of COBRA Continuation of Coverage and must last at least until the end of the eighteen (18) or twenty-four (24) month period of COBRA Continuation of Coverage. You may contact TML MultiState IEBP about a disability determination at 1820 Rutherford Lane, Suite #300, Austin, Texas 78754 or by telephone (800) 282-5385.

Second Qualifying Event extension of COBRA Continuation of Coverage. If your family experiences another qualifying event while receiving eighteen (18) or twenty-four (24) months of COBRA Continuation of Coverage, the spouse and dependent children in your family can get up to eighteen (18) additional months of COBRA Continuation of Coverage, for a maximum of thirty-six (36) months, if IEBP is properly notified about the second qualifying event. This extension may be available to the spouse and any dependent children getting COBRA Continuation of Coverage if the employee or former employee dies, becomes entitled to Medicare benefits (Part A, Part B and/or Part C) gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child. This extension is available only if the second qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

Are there other coverage options besides COBRA Continuation of Coverage? Yes. Instead of enrolling in COBRA Continuation of Coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA Continuation of Coverage. You can learn more about many of these options at www.healthcare.gov.

Adding Dependents. If you are a COBRA Continuation of Coverage participant, you have the same rights to add dependents to your COBRA Continuation of Coverage as an active covered employee. For example, you may add dependents to your COBRA Continuation of Coverage within thirty-one (31) days of marriage or sixty (60) days of the birth, adoption or placement for adoption of a child. Also, you may add dependents to your COBRA Continuation of Coverage during your Employer's Open Enrollment. However, these dependents who were not covered under the Plan before your qualifying event occurred are not qualified beneficiaries and do not have individual COBRA Continuation of Coverage rights, except for children added within sixty (60) days of birth, adoption or placement for adoption. Children added to your COBRA Continuation of Coverage within sixty (60) days of birth, adoption or placement for adoption are qualified beneficiaries and have their own COBRA Continuation of Coverage rights.

If you have questions. Questions concerning your Plan or your COBRA Continuation of Coverage rights should be addressed to the contact or contacts identified below. State and local government employees seeking more information about their rights under COBRA Continuation of Coverage, the Health Insurance Portability and Accountability Act (HIPAA) and other laws affecting group health plans, can contact the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services at:

- http://www.cms.gov/CCIIO/Programs-and-Initiatives/Other-Insurance-Protections/cobra_fact_sheet.html; or
- <http://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/index.html#COBRA>

Keep Your Plan Informed of Address Changes. In order to protect your family's rights, you should keep IEBP informed of any changes in addresses of family members. You should also keep a copy, for your records, of any notices you send to your Employer and IEBP.

Protecting Your Health Information

A Federal law called Health Insurance Portability and Accountability Act of 1996 (HIPAA), requires the Plan Sponsor of a Unreimbursed Healthcare Spending Account to protect the privacy and security of you and your dependent's health information. The Plan Sponsor and the Plan Administrator take their responsibilities to protect your health information seriously. The Plan Administrator will use and disclose individually identifiable health information only when needed to pay claims submitted for reimbursement under the Unreimbursed Healthcare Spending Account, when needed to administer the Unreimbursed Healthcare Spending Account or when required by law. HIPAA prohibits the Plan Sponsor from using or disclosing any health information from the Unreimbursed Healthcare Spending Account for employment-related actions and decisions, or for the administration of any other employee benefit plan of the Plan Sponsor.

The Plan Sponsor has administrative, physical and technical safeguards in place to protect the privacy of health information. The Plan Sponsor will notify you regarding privacy breaches per Health and Human Services requirements.

In addition to restrictions on how the Plan Sponsor and Plan Administrator may use and disclose individually identifiable health information, HIPAA gives you and your covered dependents certain rights. These rights include the right to access your health information, to amend (or correct) your health information and to receive an accounting of certain disclosures of your health information.

The Plan Sponsor is required to maintain a notice of its privacy practices that explains fully how the Plan Sponsor and its business associates, including the Plan Administrator, may use and disclose your health information and your rights under the Privacy Rule. If you have not received a copy of the Plan Sponsor's notice of privacy practices for your Unreimbursed Healthcare Spending Account, contact the Plan Sponsor.

Dependent Care Reimbursement Account

You may set aside money in your Dependent Care Reimbursement Account to pay childcare expenses up to a maximum of **\$5,000 or \$2,500** per year for married employees who file separate tax returns. Maximum benefits notwithstanding any other provision of this Plan, no Participant shall receive Dependent Care Reimbursement Benefits in excess of **\$5,000** (or **\$2,500** in the case of a married Participant filing a separate Federal income tax return) in a calendar year. An eligible expense must enable the employee (and spouse, if married) to be gainfully employed or to look for gainful employment. Special limitations to this account include the following:

- If you are married, your spouse must be employed in a paying job, a full-time student for five (5) months in the year, or disabled.
- The maximum age for eligible children is through age twelve (12). Other dependents (such as children age thirteen (13) and over, parents or spouse) can receive care if they are disabled or cannot otherwise care for themselves because of physical or mental impairments.
- Tuition for private school is not an eligible expense; only Pre-Kindergarten tuition expenses incurred for a day care type facility will be accepted.

- › The child or other dependent receiving the care must live in your home and must be claimed as a dependent on your Federal Income Tax Return.
- › You must pay a "qualified person" to care for your eligible dependents at your home, at a licensed day care center, at a day camp, or at another location (except overnight camps). A "qualified person" providing dependent care does not include any of your children under age nineteen (19) or any other person whom you claim as a dependent.
- › You must file a Form 2441 with the IRS, including the name, address and taxpayer identification number of the person or organization, providing the dependent care services.

Money from this account will pay your eligible child care expenses tax-free. Of course, you may be able to claim tax credit for child and dependent care costs. The credit can be claimed when you file your income tax return. For more information about the tax credit, refer to IRS publication 503 – *Child and Dependent Care Expenses*. The tax credit can be claimed for any expenses not paid through your Dependent Care Reimbursement Account, but you cannot use the tax credit *and* the Dependent Care Reimbursement Account for the *same* expenses.

Why You Should Budget Carefully

It is important that you budget carefully when taking advantage of the Child Care Reimbursement Account. The same tax law that permits this benefit also specifies that any money that is left in your account at the end of the plan year must be forfeited. Your account balance cannot be transferred to your Unreimbursed Healthcare Spending Account or carried forward to the next year. However, you will have ninety (90) days after the end of the plan year to claim dependent care expenses incurred in the *previous* plan year before any unused balance is forfeited.

Even if you should over budget and have some money remaining unused in your account, you may still benefit due to the amount of your tax savings.

Once Enrolled, You May Not Change Your Election for the remainder of the flex plan year unless a qualifying event occurs.

How to Get Reimbursed

Claiming your before-tax dollars to pay covered childcare expenses is an easy process. In addition, the childcare must be provided *during* the plan year for which you have set up your account. The recurring expense form may be used for an automated dependent care reimbursement.

Your expenses will be reimbursed up to the amount in your Child Care Reimbursement Account. You will be reimbursed for the remainder of your expenses as money is deposited into your account on the first of each month.

Step 1

When you have a covered child care expense, obtain a bill or receipt once dependent care has been incurred. This is your documentation for the expense. This documentation must include the name of the child/children the care was provided for along with the date the care was provided and the amount charged. If a bill or receipt is not available, your childcare provider can document your expense using the Statement of Certification provided at the bottom of the dependent care reimbursement form or the covered participant may execute a recurring expense form which requires the childcare provider's signature.

Step 2

Fill out the dependent care reimbursement claim form and if appropriate, a recurring expense form. (A copy of the form is included in this booklet.) Be sure to attach proper documentation for the expense to the form. Documentation includes one of the following:

- › Bill
- › Receipt
- › Statement of Certification

Step 3

Mail your completed reimbursement claim form and documentation to:

TML MultiState IEBP | PO Box 140167 | Austin, Texas 78714-0167
Fax Number: 512-719-6505

Step 4

The covered participant will receive an FSA Account reimbursement check made out to the covered participant and mailed to the home address.

Claims are paid within ten (10) working days from the day of receipt.

A cafeteria plan may include a “spend-down” provision allowing employees who ceased participation (e.g., because of termination of employment) to be reimbursed for eligible dependent care expenses from the dependent care account through the end of the plan year.

Typical Eligible Medical or Medical-Related Expenses

The following, while not intended to be complete, illustrates medical or medical-related expenses, which may be eligible as part of the Flexible Benefits plan under Internal Revenue Service (IRS) Code Section 213 rules. The list originates from a database of more than 55,000 health and beauty aid items that is continually updated with new product introductions and discontinuations. For complete details, please refer to IRS www.irs.gov publication 502 – *Medical and Dental Expense*.

Eligibility Status Definitions

Eligible products include over the counter products that are for medical care and are primarily for medical purposes. They include medicines or products that diagnose, alleviate or treat existing or imminent injuries, illnesses or medical conditions. These drugs and products are not cosmetic in nature, or merely beneficial to general health or used for personal hygiene. As a general rule, most of these products are of short-term use but some do treat chronic medical conditions. Qualified medical expenses include those expenses compliant with federal tax deductions under Section 213(d) as outlined by the Internal Revenue Service.

Not Included as Eligible Products for Approval Dual-Purpose

Some products are considered dual-purpose. These products may have both a medical purpose and a personal/cosmetic or general health purpose. In order to be considered eligible, they must be used to treat a medical condition and cannot be used to improve or maintain general health unless prescribed by a physician to treat a specific illness, condition or injury. These products may be eligible for reimbursement, but require a letter of medical necessity from a licensed healthcare professional stating the specific diagnosis or medical condition, the specific over the counter medicine recommendation to treat the condition and documentation of the product and cost.

Eligible Over the Counter (OTC)

Eligible products include OTC products that are for medical care and are primarily for a medical purpose. They include products (other than OTC medicines or drugs) that diagnose, alleviate or treat existing or imminent injuries, illnesses or medical conditions. As a general rule, most of these products are of short-term use but some do treat chronic medical conditions. Qualified medical expenses include those over-the-counter items compliant with federal tax rules under IRS Code Section 213(d) as outlined by the Internal Revenue Service. In these cases, the expense would not have been paid “but for” the disease or illness. An expense is not deductible as medical care if the taxpayer would have paid the expense even in absence of a medical condition. The user does not need to provide a statement from a medical provider or indicate a diagnosis in order to receive reimbursement. Taxes, shipping and surcharge/convenience fees (as permitted by law and card brand/network regulations) directly associated with the purchase of an eligible product can be included.

Prescribed Drugs and Medicines, including Prescribed Over The Counter (OTC)

Drugs and medicines prescribed by a licensed medical professional and dispensed in accordance with state laws including the generation of a Prescription Number are considered Eligible by the IRS. This includes OTC Drugs and medicines other than dual-purpose. Since the prescription serves as the determination of medical eligibility in a merchant location with a properly configured Pharmacy and IAS POS system, no additional checks are required. These items will not be listed on the Eligible Products list due to their separate processing rules.

Dual-Purpose

Some products are considered dual-purpose. These products may have both a medical purpose and a personal hygiene, cosmetic or general health purpose. In order to be considered eligible, they must be used to treat a medical condition and cannot be used to improve or maintain general health unless prescribed by a physician to treat a specific illness, condition or injury. These products may be eligible for reimbursement, but require a letter of medical necessity from a licensed healthcare professional stating the specific diagnosis or medical condition, the specific OTC medicine recommendation to treat the condition, and documentation of the product and cost. Dual-purpose items will not be included in the SIGIS List.

Ineligible

Products that merely benefit general health or are for cosmetic/personal hygiene are not reimbursable. Typically, these are not referred to as medicines or drugs and are not recognized to treat a medical condition. Medical expenses that are not reimbursable under Section 213(d) of the federal tax code are ineligible. These include food supplements, toiletries, lotions and soaps, shampoos, vitamins and most herbal supplements.

PURSUANT TO SECTION 9003 OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010, REIMBURSEMENTS FOR EXPENSES INCURRED FOR A MEDICINE OR A DRUG SHALL BE TREATED AS A REIMBURSEMENT FOR MEDICAL EXPENSES ONLY IF SUCH MEDICINE OR DRUG IS A PRESCRIBED DRUG (DETERMINED WITHOUT REGARD TO WHETHER SUCH DRUG IS AVAILABLE WITHOUT A PRESCRIPTION) OR IS INSULIN.

Abortion – Medical expenses associated with a legal abortion due to rape, incest or is life threatening to the mother, are reimbursable.

Acid controllers – Pepcid AC, Zantac, Prilosec (not included in eligible product list)

Acid reducer – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Pepcid AC, Zantac, Prilosec

Acne medication – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Clearasil, OXY (not included in eligible product list)

Acupressure treatments – Products that treat a medical condition are eligible. Weight-loss products are dual purpose.

Acupuncture – Medical expenses paid for acupuncture are reimbursable.

After-school care or extended day programs (supervised activities for children after the regular school program) – Will qualify if used to enable the employee and spouse to be gainfully employed. These programs generally are not educational in nature. Their primary purpose is to care for children while parents are at work. However, educational expenses (e.g., tuition) will not qualify.

Agency fee – Will qualify if it is an expense that must be paid in order to obtain the related care. However, the fee should not be reimbursed until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) will not qualify.

Air filter – If prescribed to treat a specific medical condition, this expense is reimbursable. *Also see **Personal use items**.*

Air purifier – To show that the expense is primarily for medical care, a prescription order recommending the item to treat a specific medical condition will be required.

Alcoholism and drug abuse – Medical expenses paid to a treatment center for alcohol or drug abuse are reimbursable. This includes meals and lodging provided by the center during treatment.

Alternative medicine – See **Naturopathy**.

Allergy medicine – Expenses to alleviate or treat injuries or sickness with a prescription. Alavert, Benadryl, Claritin, Sudafed

Allergy & sinus – Alavert, Benadryl, Claritin, Sudafed (not included in eligible product list)

Allergy pillows, mattress covers, air purifiers, filters, etc. – Treat allergies diagnosed by physicians.

Ambulance – Medical expenses paid for ambulance service are reimbursable.

Antacid – To alleviate or treat sickness with a prescription, includes gum liquid and tablets.

Anti-bacterial hand sanitizers – Purell, Nexcare, Germ-X personal use component; but for test must be established

Antibiotic products – Bacitracin, Neosporin, triple antibiotic ointment (not included in eligible product list)

Anti-diarrhea medication – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Imodium, Kaopectate (not included in eligible product list)

- AntiGas** – Gas-X, Phazyme with physician order
- Antifungal (Foot)** – Lamisil, Lotrimin (not included in eligible product list)
- Antiparasitic treatments** – Nix, Rid, lice treatments
- Antiseptics & wound cleansers** – Rubbing alcohol, peroxide, Epsom salt, betadine, hibiclens
- Anti-itch lotion** – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Caladryl, Lanacane, Sarna, hydrocortisone (not included in eligible product list)
- Antiparasitic treatments** – Nix, Rid, lice treatments (not included in eligible product list)
- Antiseptic wash & wound care** – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Rubbing alcohol, peroxide, Epsom salt, Betadine, Hibiclens (not included in eligible product list)
- Antihistamine** – To alleviate or treat sickness with prescription
- Application fee** – Will qualify if it is an expense that must be paid in order to obtain the related care. However, the fee should not be reimbursed until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) will not qualify.
- Artificial limb** – Medical expenses paid for an artificial limb are reimbursable.
- Artificial teeth** – See *Medical aids*.
- Aspirin** – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.
- Assisted living** – See *Custodial Care and Elder Care*.
- Attendant** – See *Nursing services*.
- Au pair** – Amounts paid to an au pair to care for a qualifying individual may qualify as dependent care assistance expenses. In addition, an up-front fee paid to employ the au pair may qualify as a child-care expense if it is an expense that must be paid in order to obtain the related care, but it should not be reimbursed until care is provided.
- Autoette** – See *Wheelchair*.
- Automobile** – See *Car*.
- Baby diapers** – Huggies, Pampers, Pullups to treat juvenile incontinence or medical condition
- Baby formulas/nutritionals** – Pediassure, Progestimila specialty formulas/nutritionals are covered if medically necessary and authorized by medical practitioner. Only the excess cost between regular formula and the specialized formula may be eligible under an employer's plan.
- Baby electrolytes and dehydration** – Pedialyte, Enfalyte baby electrolytes and dehydration
- Baby rash ointments & creams** – Desitin, Aveeno Baby includes petroleum jelly merchandized and marketed for baby rash (not included on eligible product list)
- Baby teething pain** – Baby Orajel, Anbesol Baby Oral Gel (not included in eligible product list)
- Babysitting and child care** – These expenses are not reimbursable under a health FSA, even if the care allows a parent to get medical care. Also see *Dependent care expenses*.
- Backup or emergency care** – Will qualify if used to enable the employee and spouse to be gainfully employed and other applicable conditions are met.
- Bandages** – Medical supplies such as bandages used to cover torn skin.
- Before-school care** – See *After-school care*.
- Benzocaine swabs** – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.
- Birth control pills** – Medical expenses paid for birth control pills prescribed by a doctor are reimbursable. Morning-after pill, female contraceptives, spermicidal foam (not included in eligible product list)
- Boarding school** – Generally will not qualify.
- Boric acid powder** – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.
- Braille books and magazines** – Medical expenses for the cost of Braille books and magazines for use by a visually impaired person that is more than the price for regular books and magazines are reimbursable.

Breast augmentation – Expenses related to breast augmentation (such as implants or injections) are not reimbursable because the procedure is cosmetic in nature. However, medical costs related to the removal of breast implants that are causing a medical problem are reimbursable.

Breast pump and breast feeding supplies – Prescribed breast pump and breast feeding supplies used for the convenience of the mother is reimbursable. Breast Pump (cost or rental fee), Breast Pump Parts (pump valve, replacement tubing piston unit, diaphragms, pump body, flange, shield), Storage Bottles, Storage Bags, Gel Pads, Nursing Pads, Nipple Shields, Nursing Pillows and Covers, Nursing Bras, Bra Shields, and Coolers, Conversion Kits, Areola Stimulator, Car Adapter

Breast reconstruction surgery – Medical expenses related to breast reconstructive surgery are reimbursable only if physician substantiates that the procedure is due to medical necessary surgery (due to an illness or disease).

Breast reductions – Medical expenses related to breast reduction surgery are reimbursable only if a physician substantiates that the procedure is medically necessary and not for cosmetic purposes (that is, to prevent or treat an illness or disease).

Bronchial asthma inhalers – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Bronchodilator/Expectorant tablets – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Bunion and blister treatment – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Cancer insurance – See *Supplemental insurance policies*.

Capital expenses – If their main purpose is medical care, capital expenses paid for special equipment installed in a participant's home or for improvements to the home are reimbursable. For further details, see discussion under the heading, "Capital Expenses" found later in this booklet.

Car – Medical expenses are reimbursable for special hand controls and other special equipment installed in a car for the use of a person with disabilities. Also, the amount by which the cost of a car specially designed to hold a wheelchair exceeds the cost of a regular car is a reimbursable medical expense. However, the cost of operating a specially equipped car is not reimbursable (see *Transportation*).

Chair – The cost of a reclining chair purchased on the advice of a physician to alleviate a heart, back or other condition is reimbursable.

Childcare – See *Dependent care expenses*.

Childbirth classes – Expenses for childbirth classes are reimbursable, but are limited to expenses incurred by the mother-to-be. Expenses incurred by a "coach" – even if that is the father-to-be are not reimbursable. To qualify as medical care, the classes must address specific medical issues, such as labor, delivery procedures and breathing techniques.

Chiropractor – Expenses paid to a chiropractor for medical care are reimbursable.

Christian Science practitioners – Medical expenses paid to Christian Science practitioners are reimbursable.

Church of Scientology – See *Scientology "audits"*.

Clinic – Medical expenses for treatment at a health clinic are reimbursable.

COBRA premiums – COBRA premiums may not be reimbursed through their health FSAs.

Coinsurance amounts – Medical coinsurance amounts and deductibles are reimbursed.

Cold medicine – Alleviate or treat injuries or sickness with a prescription.

Cold relief syrup – See *Cold medicine*.

Cold relief tablets – See *Cold medicine*.

Cold sore medication – Includes fever blister medication; Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Only medicated products are covered.

Commuting costs – See *Trips*.

Compression hosiery – Jobst, TED, Futuro including diabetic socks; excess cost over regular hose and socks

Contact lenses – See *Vision care*.

Condoms – Condoms are eligible for reimbursement.

Contraception – See *Birth control pills*.

Cord blood storage – Cord blood storage for a healthy baby should not be reimbursed through an FSA. Cord blood is not stored to do things that constitute “medical care,” but instead to be available to potentially provide medical care in the future – if necessary. If, however, the child has a specific medical condition that the cord blood is intended to treat, then storage should be a reimbursable expense.

Corn and callus removal medication – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011

Cosmetic surgery – Medical expenses for cosmetic surgery are reimbursable if the surgery is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease. However, medical expenses paid for other cosmetic surgery are not reimbursable under a health FSA. This applies to any procedure that is directed at improving the patient’s appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. For example, face lifts, hair transplants, hair removal (electrolysis) and liposuction generally are not deductible. If there is a concern that a medical or dental surgery could be considered cosmetic, a doctor’s certification should be obtained explaining how the procedure meaningfully promotes the proper function of the body or prevents or treats an illness or disease. This will help ensure that the claim is reimbursable.

Cotton balls – Only sterile cotton balls are eligible, non-sterile are considered dual purpose.

Cough, cold & flu dietary supplements – Airborne, hall’s Defense, Germ Defense Alka Seltzer Immunity products that are merely dietary supplements and marketed as such, including those claiming to “support the immune system” (i.e. Airborne), are not covered (dual). Cold preventative products which are “proven to lessen the severity” or “reduce the duration” of colds or flu are covered. These include homeopathic, natural products, some herbals and some forms of zinc.

Cough drops – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Cough syrup – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Crutches – Medical expenses paid to buy or rent crutches are reimbursable.

Custodial care – Will qualify only if (1) such expenses are not attributable to medical service; (2) the person in custody is a qualifying individual [other than a qualifying child under age thirteen (13)], and (3) the qualifying individual spends at least eight (8) hours each day in the employee’s household.

Dancing lessons, swimming lessons, etc. – Dancing lessons, swimming lessons, etc., are not reimbursable even if they are recommended by a doctor.

Day camp – The cost of a day camp or similar program to care for a qualifying individual may qualify, even if the day camp specializes in particular activities. Summer school expenses are considered primarily educational rather than for care and will not qualify. Note that, depending on the circumstances, a day camp may be considered a dependent care center.

Day care – See *Dependent care expenses*.

Deductibles – Medical insurance deductibles and coinsurance amounts under the employer’s plan are reimbursable.

Dental repair – Temporary dental repair products are eligible.

Dental treatment – Medical expenses for dental treatment are reimbursable. This includes fees paid to dentists for X-rays, fillings, braces, extractions, dentures, etc. *Also see Cosmetic surgery.*

Denture adhesives, repair, and cleansers – Denture products and maintenance covered, includes PoliGrip, Benzodent, Plate Weld, and Efferdent.

Denture pain relief

Dependent care – Dependent care expenses (under Section 129, Internal Revenue Code) are not reimbursable under an Unreimbursed Healthcare Account, but may be reimbursable under a Dependent Care Spending Account.

Dependent care center – Will qualify if the center meets the requirement of Code 21(b)(2)(C) including compliance with all applicable laws and regulations. Note that depending on the circumstances, a day camp may be considered a dependent care center.

Diabetes nutritionals – Glucerna, boost glucose to treat symptoms of diabetes when recommended by physician

Diabetes personal care & supplies – Include diabetes skin care, cough & cold, support socks and supplies. Personal care is generally not covered; must test or treat a specific symptom or condition of Diabetes.

Diabetes testing & aids – Ascensia, One Touch, insulin syringes, glucose products (includes glucose tabs/gels, testing and insulin related accessories)

Diabetic supplies – Includes lancets, test strips and other supplies.

Diagnostic devices – Medical expenses for the cost of devices used in diagnosing and treating illness and disease. Thermometers, blood pressure monitors, cholesterol testing. *Example:* A diabetic patient may use a blood sugar test kit to monitor your blood sugar level. The cost may include the cost of the blood sugar test kit in your medical expenses. Drug and body fat testers are not covered.

Diagnostic products – Cholesterol screening, thermometers, blood pressure monitors, cholesterol testing

Diaper service – Payments for diapers or diaper services are not reimbursable unless they are needed to relieve the effects of a particular disease.

Dietary supplements – Essential fatty acids (fish oil), soy, enzymes, amino acids under narrow circumstances, they will be eligible if used to treat a medical condition or at-risk for illness diagnosed by physician, dietary supplement marketed in pain relief, cough & cold and antacids/laxative categories do not automatically qualify as a medical expense (i.e., Azo Cranberry, Airborne, Culturelle, etc.)

Diets – See *Special foods*.

Digestive aids – Lactaid, Lactase, Beano with physician order only

Disability – See *Braille books and magazines; Capital expenses; Car; Guide dog or other animal; Learning disability; Lifetime care; Mentally retarded, special home for; Personal use items; Schools, special; Television; Therapy; Transportation; and Wheelchair*. Also see discussion under the heading “Capital Expenses” found later in this booklet.

Disabled dependent care expenses – Medical expenses may include work related expenses for the purpose of taking a credit for dependent care. The requirement that at least eight (8) hours per day be spent in the employee’s household in order for care provided outside the employee’s household to qualify for reimbursement does not apply to a qualifying child under the age thirteen (13), whether or not the qualifying child is incapable of self-care. Any care outside the household must enable the employee and spouse to be gainfully employed.

Distilled water – If it serves a medical purpose.

Divorce – No, even when a doctor or psychiatrist recommends it.

Drug & alcohol testing kits – First check drug testing, alcohol breathalyzer

Drug addictions – See *Alcoholism and drug abuse*.

Drug testing kits – Diagnostics of illegal activities are typically not covered.

Drugs – See *Medicines*.

Durable Medical Equipment – Wheel Chairs, Crutches, and Oxygen Machines can be included when manufacturer provides UPC; merchants can mark non-UPC tagged items as private label items

Ear care – Medicated ear drops, syringes, and ear wax removal

Ear piercing – Expenses for ear piercing are not reimbursable.

Ear plugs – Mack’s, Flent to treat medical condition (presence of middle/inner ear tubes) diagnosed by physician

Ear water-drying aid – If it serves a medical purpose.

Ear wax removal drops – If it serves a medical purpose.

Eczema cream – If it serves a medical purpose.

Egg donor fees and expenses – The Unreimbursed expense for egg donor fees for an attempted pregnancy. The agency fee for procuring the donor and coordinating the transaction between the donor and recipient, medical and psychological testing of the donor, and the legal fees for preparing a contract between the recipient and the donor are deductible medical expenses under Code Section 213.

Elastics/Athletic treatments – ACE, Futuro, elastic bandages, braces, hot/cold therapy, orthopedic supports & rib belts, etc. Waist shapers, tummy supports, work related back braces and products indicated as “Athletic” or “Sport” are not covered as they are considered dual purpose.

Elder care – Will qualify only if (1) such expenses are not attributable to medical services, (2) the elderly person is a qualifying individual; and (3) in the case of services provided outside the employee’s household, the person still regularly spends at least eight (8) hours each day in the employee’s household. Elder day care will often qualify, but around-the-clock care in a nursing home will not. Note that long-term care insurance cannot be offered under a cafeteria plan.

Electrolysis or hair removal – See *Cosmetic surgery*.

Employment-related expenses – Employment-related expenses such as employment physicals are not reimbursable. (Note, however, that physical exams that are not employment-related are reimbursable. *See Physical exams*).

Employment taxes – *See Nursing services*.

Enemas – Bags, Syringes, prefilled saline enemas fleet

Equipment, diagnostic devices – For the diagnosis, cure, mitigation, treatment or prevention of disease, or purpose of affecting any body structure or function.

Equipment, supplies and diagnostic services – Equipment such as crutches, supplies such as bandages and diagnostic devices such as blood sugar kits may be deductible medical expenses if they are for the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting the body structure or function.

Exercise equipment – To treat medical condition diagnosed by physician, not for general health

Exercise programs – If prescribed by a physician to treat a specific medical condition, exercise programs are related to general health and are not reimbursable.

Eye care – Contact lens care, eyeglass repair kits; visine refresh tears not included in eligible product list

Eye drops – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Eyeglasses – *See Vision care*.

Eye surgery – Expenses for eye surgery to treat defective vision such as laser eye surgery or radial keratotomy are reimbursable.

Face lifts – *See Cosmetic surgery*.

Face/Respiratory masks – medical grade or commercial/consumer – 3M cold weather, pollen/dust filtering masks

Family planning – Pregnancy kits, ovulation kits.

Feminine antifungal and anti-itch - Monistat, Gyne-Lotrimin, Vagisil, Soothing Care

Feminine moisturizing – Raplens, Reaphresh to treat vaginal dryness caused by medical condition

Feminine protection (pads & liners) – Kotex, Always, Stayfree they are ordinarily considered as being used to maintain general health and for personal care. They are dual if used for post-surgery or child birth.

Fertility – Medical expenses related to the treatment of infertility, including in vitro fertilization, are reimbursable.

Fiber laxatives (bulk forming) – Benefiber, Fibercon, Metamucil (powder or pills) not included in eligible product list unless covered to treat a medical condition for a short duration; bars and drinks that are “nutritional foods” for help with regularity are not covered due to (dual) purpose.

FICA and FUTA taxes of daycare provider – The overall expenses of the care provider will qualify.

First aid burn & scar treatments & skin protectants (petroleum jelly) – Aloe, Mederma, Neosporin Scar Solution, Vaseline Jelly prescribed by a physician for a burn. Tapes and bandages indicated as “Athletic” or “Sport” are not covered.

First aid dressing, supplies, and wipes – Band-Aid, 3M Nexcare, J&J First Aid, non-sport tapes; medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011. Tapes and bandages indicated as “Athletic” or “Sport” are not covered.

Fitness/exercise classes – Only if prescribed by physician for a medical condition.

Fitness programs – Fitness programs or physical therapy for general health are not reimbursable.

Finance charge – *See Missed-appointment fees*.

Flu relief tables or liquid – *See Cold medicine*.

Fluoride treatments – Gel-Kam to treat medical condition diagnosed by physician and not for general oral care

Food – *See Special foods*.

Food thickeners – Thick-it for test must be established

Foot care treatment – Products that treat specific ailments are eligible: un-medicated corn & callus treatments (e.g., callus cushions), devices, therapeutic insoles; products for general use or comfort are not eligible. Products that create specific ailments are eligible; products for general use or comfort are not eligible (due to dual use).

Foot insoles and cushioning – Insoles, Heel & Arch, Dr. Scholl’s Air Pillo, Odor Eaters treatment vs general use for comfort, must treat specific ailment to be covered

Foreign countries – Medical expenses incurred in foreign countries outside the United States are reimbursable.

Formula, infant – Formula for an infant is not considered an eligible benefit, even if the mother is unable to breast feed. It is viewed as food that satisfies normal nutritional requirements.

Founder's fee – See *Lifetime care*.

Funeral expenses – Expenses for funerals are not reimbursable.

Gas treatments – Includes gas prevention food, enzyme dietary supplements and gas relief drops for infants and children Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Gender reassignment – Expenses incurred for gender reassignment surgery and hormone therapy are deductible under Section 213. The IRS announced in Action on Decision (AOD) 2011-03 that it acquiesced to the Tax Court ruling in O'Donnabhain v. Commissioner, 134 T.C. 34 (2010). In that ruling the Tax Court held that because in its view hormone therapy and sex reassignment surgery treat a disease – gender identify disorder – they are medical care and the expenses for that medical care are deductible under Section 213.

Gloves (rubber & cotton) – Becton, Dickinson and Co (BD)

Glucosamine and/or chondroitin – Osteo Bi-Flex, Cosamin D, Flex-a-min Nutritional Supplements, medical expenses as long as products are marketed for arthritis treatment (as opposed to mere prevention)

Glucose meters – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Group medical insurance – See *Insurance premiums*.

Guide dog or other animal – The cost of a guide dog or other animal used by the visually impaired or hearing impaired is reimbursable. Costs associated with a dog or other animal trained to assist persons with other physical disabilities are also reimbursable, as are amounts paid for the care of these specially trained animals.

Hair growth product – Rogain to treat symptom of medical condition diagnosed by physician

Hair transplant – See *Cosmetic surgery*.

Hand sanitizer – Will not qualify if used for general health, may qualify if used to treat or alleviate a specific medical condition.

Head lice products – Nix Lice Comb, Rid Lice Comb

Headache medications – Must be prescribed.

Health care services – Urgent Care or Primary Care services provided by a licensed practitioner at an IIAS merchant.

Health club dues – Health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition are not reimbursable unless incurred to fight a physician-diagnosed disease state of obesity.

Health institute – Medical expense fees you pay for treatment at a health institute only if the treatment is prescribed by a physician and the physician issues a statement that the treatment is necessary to alleviate a physical or mental defect or illness of the individual receiving treatment.

Health supports – Ace, Futuro, braces, elastic bandages, hot/cold therapy, orthopedic supports, rib belts, back braces, etc.

Healthy baby care – See *Nursing services*.

Hearing aids/medical batteries – Medical expenses for a hearing aid and batteries are reimbursable. The cost of hearing aid repairs is a qualified medical expense.

Heartburn medicines – Heartburn medicines, including antacids, purchased for personal use of the employee, spouse or dependent to alleviate or treat personal injuries or sickness, without a prescription, are reimbursable.

Hemorrhoid treatments – Must be prescribed, even if available without a prescription.

Herbal and botanicals – Under narrow circumstances, they will be eligible if used to treat medical conditions or at-risk for illness diagnosed by a physician.

Home exercise equipment – Expenses for home exercise equipment are reimbursable only if all of the following conditions are met:

- The home exercise equipment is prescribed by your physician to treat an illness (including obesity) or bodily impairment;
- Your physician certifies, in writing, that the home exercise equipment is medically necessary to treat a disease or impairment and is not being prescribed to promote general health; and

- You certify, in writing, that you would not have purchased the home exercise equipment for any other reason than treating your disease or bodily impairment.

Home health care (limited segments) – Ostomy, walking aids, decubitus/pressure relief, enteral/parenteral feeding supplies, patient lifting aids, orthopedic braces/supports, splints & casts, hydrocollators, nebulizers, electrotherapy products, catheters, un-medicated wound care, wheel chairs

Home health care services (limited segments) – Urgent Care or Primary Care services provided by a licensed practitioner at an IIAS merchant.

Homeopathic earache tablets – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Homeopathic remedies – Products that treat an illness or condition that are eligible with a prescription

Hormone replacement – Will qualify if used primarily for medical care. Will not qualify for maintaining general health. Prescription order will be required.

Hospital expenses – Expenses incurred as a hospital inpatient or outpatient for laboratory, surgical and diagnostic services qualify as medical expenses.

Hot & cold therapy – ACE Hot/Cold Compress, Cara Ice Bag, Bed buddy Back Wrap, Kaz Heating Pad, ThermaCare Heat Wrap

Hot tub – See **Capital expenses**.

Household help – The cost of household help, even if recommended by a doctor, is not reimbursable. However, certain expenses paid to an attendant providing nursing-type services are reimbursable (see **Nursing services**).

Human guide – Expenses for a human guide – to take a blind child to school, for example – are reimbursable. Also see **Guide dog or other animal**.

Hydrogen peroxide – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Hypnosis – If the care is rendered by a licensed health care professional for a specific illness or disorder, it can be reimbursed from the FSA.

Imported drugs – Imported drugs are not generally reimbursable FSA expenses because most are not legally imported by individuals. Prescription drugs that the FDA has announced may be legally imported by individuals are, however, reimbursable FSA expenses.

Impotence or sexual inadequacy – Medical expenses related to the treatment of impotence are reimbursable if substantiated by a physician.

Incontinence protection & treatment products – Attends, Depend, GoodNites for juvenile incontinence, Prevail. Skin and cleansing products are not covered (dual).

Incontinence protection personal care – Perineal cleansers, moisturizers and general skin protectants, Aloe Vesta 2n1, Ca-Rezz Wash, Sween Cream

Infant formula – See **Formula, infant**.

Infertility – See **Fertility**.

Insulin – The cost of insulin is reimbursable.

In-patient meals – See **Lodging and meals**.

In-vitro fertilization – See **Fertility**.

Insurance premiums – Premiums for any health plan are not reimbursable under a Health FSA; some policies may be under premium conversion.

Iodine tincture – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Ipecac syrup – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Kindergarten – Such expenses are primarily educational in nature, whether half or full day, private or public school, state-mandated, or voluntary.

Laboratory fees – Laboratory fees that are part of medical care are reimbursable.

Laetrile – Laetrile, even if prescribed by a doctor is not reimbursable.

LASIK – The cost of laser surgery to correct or promote the proper function of the eye is reimbursable. Also see **Radial keratotomy**.

Late fees – Probably will qualify if for late pickup (i.e., the fee is charged to care for the child because the child was picked up late) the payment still relates direct to the care of the child. The fee will not qualify if the late payment is because the child care bill was paid late.

Laxatives – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Lead-based paint removal – The cost of removing lead-based paints from surfaces in a home to prevent a child who has (or has had) lead poisoning from eating the paint is reimbursable. These surfaces must be in poor repair (peeling or cracking) or within the child’s reach. The cost of repainting the scraped area, however, is not reimbursable.

Learning disability – Tuition payments to a special school for a child who has severe learning disabilities caused by mental or physical impairments, including nervous system disorders, are reimbursable. A doctor must recommend that the child attend the school. *See Schools, special.* Also, tutoring fees paid on a doctor’s recommendation for a child’s tutoring by a teacher who is specially trained and qualified to work with children who have severe learning disabilities are reimbursable.

Legal fees – Legal fees paid to authorize treatment for mental illness are reimbursable. However, any part of a legal fee that is a management fee - for example, a guardianship or estate management fee - is not reimbursable.

Lice treatment – Must be prescribed, even if available without prescription.

Licensing requirement – Neither the tax code nor IRS regulations require a plan participant to determine whether a provider is qualified, authorized under state law or licensed to practice before using his/her services. In Revenue Ruling 63-91, the IRS ruled that: “Amounts paid for medical services rendered by practitioners, such as chiropractors, psychotherapists, and others rendering similar type services, constitute expenses for ‘medical care’ within the provisions of section 213 of the Code, even though the practitioners who perform the services are not required by law to be, or are not (even though required by law) licensed, certified, or otherwise qualified to perform such services.” The main issue is the nature of the treatment, not the license held by the practitioner.

Thus, services provided by a range of organizations and individuals may be reimbursable, including care provided by hospitals, medical doctors, dentists, eye doctors, chiropractors, nurses, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, psychoanalysts and others.

Life insurance premiums – Life insurance premiums are not reimbursable in a Health FSA.

Lifetime care – Part of a life-care fee or “founder’s fee” paid either monthly or as a lump sum under an agreement with a retirement home is reimbursable if it is allocable to medical care. The agreement must require a specified fee payment as a condition for the home’s promise to provide lifetime care, treatment and training of an employee’s physically or mentally impaired dependent upon the employee’s death or inability to provide care are reimbursable. The payments must be a condition for the institution’s future acceptance of the dependent and must not be refundable.

Lip balms – Sun Care – Banana Boat SPF 50, Bullfrog Water Armor SPF30

Liposuction – *See Cosmetic surgery.*

Lodging and meals – The cost of lodging and meals at a hospital or similar institution are reimbursable if the employee’s main reason for being there is to receive medical care. *Also see Nursing home.*

The cost of lodging not provided in a hospital or similar institution while an employee is away from home is reimbursable if four requirements are met:

1. The lodging is primarily for and essential to medical care;
2. Medical care is provided by a doctor in a licensed hospital or in a medical care facility related to, or the equivalent of, a licensed hospital;
3. The lodging is not lavish or extravagant under the circumstances; and
4. There is no significant element of personal pleasure, recreation or vacation in the travel away from home. The reimbursable amount cannot exceed \$50 for each night for each person. Lodging is included for a person assisting the person receiving the medical care. For example, if a parent is traveling with a sick child, up to \$100 per night is reimbursable as a medical expense for lodging. Meals and lodging away from home for medical treatment that is not received at a medical facility, or for the relief of a specific condition, are not reimbursable even if the trip is made on the advice of a doctor.

Long-term care insurance premiums – Long-term care insurance premiums are not reimbursable under a medical FSA. (LTC Insurance plans as defined under Section 7702B to be offered through Cafeteria Plans to the extent the amount of payment does not exceed long-term care premiums as defined by Section 213(d)(10).

Magnifying glasses - Corrective lenses and frames are covered.

- Marijuana** – Marijuana, even if prescribed for medicinal purposes, is not a reimbursable expense.
- Marriage counseling** – Expenses for marriage counseling services do not qualify as medical expenses. However, sexual inadequacy or incompatibility treatment is reimbursable if the treatment is provided by a psychiatrist.
- Massage** – Fees paid for massages are not reimbursable unless prescribed and substantiated by a physician to treat a physical defect or illness.
- Mastectomy related special bras** – Will qualify when incurred following a mastectomy for cancer.
- Maternity clothes** – Expenses for maternity clothes are not reimbursable.
- Mattresses** – Mattresses and mattress boards designed for use in the treatment of arthritis are reimbursable.
- Meals** – See *Lodging and meals*.
- Medical aids** – Expenses for medical aids are reimbursable. Medical aids such as false teeth, hearing aids, orthopedic shoes, crutches and elastic hosiery are reimbursable.
- Medical alert devices** – Personal emergency transmitters worn as a bracelet or necklace are not reimbursable.
- Medical conferences** – Expenses for admission and transportation to a medical conference are reimbursable if the medical conference concerns the chronic illness of yourself, your spouse or your dependent. The costs of the medical conference must be primarily for and necessary to the medical care of you, your spouse or your dependent. You must spend the majority of your time at the conference attending sessions on medical information. The cost of meals and lodging while attending the conference is not reimbursable.
- Medical information plan** – Amounts paid to a plan that keeps medical information so that it can be retrieved from a computer data bank for medical care are reimbursable.
- Medical nutritionals** – Treats a specific condition and prescribed by a physician
- Medical Savings Accounts (MSAs)** – MSAs cannot be offered as part of a flex plan or FSA.
- Medical services** – Only legal medical services are reimbursable. Amounts paid for illegal operations or treatments, regardless of whether they are rendered by licensed or unlicensed practitioners are not reimbursable.
- Medicare Part A** – The tax paid for Medicare Part A is not reimbursable.
- Medicare Part B** – Premiums paid for Medicare Part B are not reimbursable.
- Medicare Part D** – A voluntary prescription drug insurance program for persons with Medicare A or B. You can include as a medical expense, premiums you pay for Medicare Part D.
- Medicated & specialty soaps** – Basis Bar, Cetaphil Cleansing Bar
- Medicated bath products & specialty soaps** – Medical expenses; Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011 or to treat a specific condition diagnosed by a physician. Basis Bar, Cetaphil Cleansing Bar to treat skin condition diagnosed by physician
- Medicated chest rub** – See *Cold medicine*.
- Medicated nasal sprays, drops & inhalers** – Afrin Spray (not included in eligible product list)
- Medicated respiratory treatments and vapor products** – Primatene, Bornkaid, medicated Vics Vapor Rub, includes asthma medications and delivery devices like inhalers and nebulizers; vaporizers and humidifiers not covered (dual)
- Medicines** – Amounts paid for domestic purchased **prescribed** medicines and drugs are reimbursable. Over-the-counter medicines and drugs to alleviate or treat injury or sickness are reimbursable, when prescribed by a physician.
- Mentally handicapped, retarded, special home for** – The cost of keeping a mentally retarded person in a special home (not the home of a relative) on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living is reimbursable.
- Minerals** – Calcium Carbonate, Ferrous, Sulfate under narrow circumstances, they will be eligible if used to treat medical condition or at-risk for illness diagnosed by a physician.
- Missed-appointment fees** – These fees are not directly for medical care or supplies, and therefore should not be treated as reimbursable FSA expenses.
- Motion sickness** – Dramamine, Sea-band wristband, Bonine (not included in eligible product list)
- Mouth guards** – Dantek, Night Guard

Nasal care supplies – Includes decongestant inhalers, spray or drops, and nasal strips to improve congestion

Nasal moisturizers & washes – Neilmed Neti Pot & solutions, Ocean Saline Spray, Simply Saline

Nasal strips & snore relief – Breathe Right to treat sleep apnea or improper breathing diagnosed by physician

Naturopathy – Non-traditional healing treatments to treat a medical condition. Naturopathy expenses are not reimbursable unless used to treat medical condition or at-risk for illness diagnosed by physician.

Nicotine patches and gum – Even if prescribed, over-the-counter drugs to help stop smoking are not deductible under Section 213. They may be reimbursable, however. *Also see **Over-the-counter and Smoking cessation program.***

Non-prescription drugs and medicines – See *Over-the-counter.*

Nursing home – The cost of medical care in a nursing home or home for the aged for an employee, or for an employee's spouse or dependent, is reimbursable. This includes the cost of meals and lodging in the home if the main reason for being there is to get medical care.

Nursing services – Wages and other amounts paid for nursing services are reimbursable. Services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes services connected with caring for the patient's condition, such as giving medication or changing dressings, as well as bathing and grooming the patient. Only the amount spent for nursing services is reimbursable. If the attendant also provides personal and household services, these amounts must be divided between the time spent performing household and personal services and the time spent on nursing services.

- Meals – Amounts paid for an attendant's meals are also reimbursable. This cost may be calculated by dividing a household's total food expenses by the number of household members to find the cost of the attendant's food, then apportioning that cost in the same manner used for apportioning an attendant's wages between nursing services and all other services (see above).
- Upkeep – Additional amounts paid for household upkeep because of an attendant are also reimbursable. This includes extra rent or utilities paid because of having to move to a larger apartment to provide space for an attendant.
- Infant care – Nursing or babysitting services for a normal, healthy infant are not reimbursable.
- Social Security, unemployment (FUTA) and Medicare taxes paid for a nurse, attendant or other person who provides medical care are reimbursable.

Nutritional foods – Ensure, Boost; to treat medical condition diagnosed by physician and not for general health

Nutritional supplements – The cost of nutritional supplements, vitamins, herbal supplements, "natural medicines", etc. are not reimbursable, unless prescribed by a physician and are medically ordered to treat a specific medical condition. See *Special foods.*

Obesity – Uncompensated amounts paid by individuals for participation in a weight-loss program as treatment for a specific disease or diseases diagnosed by a physician are eligible. The costs of purchasing diet food items are not eligible.

Operations – Medical expense amount you pay for legal operations that are not for unnecessary cosmetic surgery.

Optometrist – See *Vision care.*

Oral remedies or treatments – Saliva substitutes, mouth sore treatments, dental repair, Salivart, Anbesol, Orajel, Bentemp. Only dry mouth remedies that are saliva substitutes are covered (gels, sprays, etc. not mouthwash, rinses, toothpaste (not included in eligible product list)

Orthodontia – May reimburse expenses or reimburse advance payments for orthodontia services without violating the no-deferred-compensation rule, so long as the covered individual has actually made the advance payments in order to receive the services. Services for orthodontic care are generally reimbursable, except care for cosmetic purposes. See *Cosmetic surgery.*

Orthopedic shoes – See *Medical aids.*

Organ donor – See *Transplants.*

Osteopath – Osteopathic expenses are reimbursable.

Over-the-counter – Over-the-counter drugs (that is, drugs available without a prescription) are reimbursable when prescribed by a physician. However, to be reimbursed over-the-counter drugs must be legally procured; generally accepted as falling within the category of medicine and drugs; used to **diagnose, cure, mitigate, treat or prevent a disease or disorder** of a structure or function of the body; and not used for general good health. Reimbursable over-the-counter drugs include antacids, allergy medicines, pain relievers and cold medicines. Dietary supplements, such as vitamins, cosmetics and other products used **to maintain general good health** are not reimbursable. Only if prescribed by a physician.

Oxygen – Amounts paid for oxygen or oxygen equipment to relieve breathing problems caused by a medical condition are reimbursable.

Pain reliever – The cost of purchasing a pain reliever, with a prescription, is reimbursable when purchased to treat or alleviate personal injury or sickness. Tylenol, Advil, Midol, Bayer not included in eligible product list.

Patterning exercises – See *Therapy*.

Personal trainer – Only if prescribed by a physician for a medical condition.

Personal use items – Items that are ordinarily used for personal, living and family purposes are not reimbursable unless they are used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased at the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease is reimbursable.

If an item purchased in a special form primarily to alleviate a physical defect is one that in normal form is ordinarily used for personal, living and family purposes, the cost of the special form in excess of the cost of the normal form is reimbursable. Also see *Braille books and magazines*.

Phone equipment – Telephone equipment designed for a hearing-impaired person are reimbursable, as are the cost of repairs.

Physical exams – Physical exams are generally reimbursable, except for employment-related physicals. See *Employment-related expenses*.

Pinworm treatment – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Pre-existing conditions – Medical expenses not covered because of the plan's pre-existing condition limitation are reimbursable.

Pregnancy test – The cost of an over-the-counter pregnancy test is reimbursable. A pregnancy test performed by a physician is reimbursable.

Prenatal vitamins – Stuart Prenatal, Nature's Bounty Prenatal Vitamins

Prescription drugs – See *Medicines*.

Private hospital room – The extra cost of a private hospital room is reimbursable.

PRK (photorefractive keratectomy) – See *Radial keratotomy*.

Probiotics and prebiotics – Culturelle, Florastor to treat digestive condition and recommended by physician & not general digestive health

Prosthesis – See *Artificial limb*.

Psychiatric care – Expenses for psychiatric care are reimbursable. These expenses include the cost of supporting a mentally ill dependent at a specially equipped medical center where the dependent receives medical care. Also see *Psychoanalysis and Transportation*.

Psychoanalysis – Expenses for psychoanalysis are reimbursable.

Psychologist – Expenses for psychological care are reimbursable.

Radial keratotomy – Radial keratotomy (RK) is a reimbursable expense. Also see *LASIK*.

Reading glasses and maintenance accessories – Reading glasses are a reimbursable expense. Chains, etc., are not covered.

Reasonable and customary charges, amounts in excess of – Medical expenses in excess of a Medical Plan's reasonable and customary charges are reimbursable.

Resort – See *Spa or resort*.

Retin-A – Reimbursable when prescribed by a physician to treat a specific medical condition (such as acne), but not for cosmetic purposes (such as wrinkles).

Rogaine – Reimbursable when prescribed by a physician for a specific medical condition (such as hypertension), but not for cosmetic purposes (that is, to stimulate hair growth).

Rubbing alcohol – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011

Saline nose drops – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011

Schools, special – Expenses paid to a special school for a mentally impaired or physically disabled person are reimbursable if the main reason for using the school is its resources for treating the disability. This includes the cost of a school that:

- teaches Braille to a visually impaired child;

- teaches lip-reading to a hearing-impaired child; or
- provides remedial language training to correct a condition caused by a birth defect.

The cost of meals, lodging and ordinary education supplied by a special school is reimbursable only if the main reason for using the school is its resources for treating the mental or physical disability. The cost of sending a non-disabled “problem child” to a special school for benefits the child may get from the course of study and disciplinary methods is not reimbursable.

Scientology “audits” – Amounts paid to the Church of Scientology for “audits” do not qualify as expenses for medical care.

Service animals – Yes, if animal is primarily for medical care to alleviate a mental defect or illness and would not have been paid but for the defect or illness.

Sexual counseling – Expenses for counseling regarding sexual inadequacy or incompatibility are reimbursable if the counseling is provided to a husband and/or wife by a psychiatrist.

Shampoo, medicated – Maybe when used to treat specific medical condition; letter of medical necessity from physician needed

Sinus medications – Sinus medications, allergy and homeopathic nasal spray; medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Skin care-therapeutic hand & body – Eucerin, Acquaphonr, Amlactin to treat or remedy a skin condition diagnosed by a physician

Skin treatments – Psoriasis, MG217, Demarest Eczema (not included in eligible product list). Medical expense as long as intended purpose is to treat skin conditions like eczema, psoriasis, rosacea, etc. (as opposed to mere prevention)

Sleep aids & sedatives – Unisom, Nytol, Sominex (not included in eligible product list)

Smoking deterrents – Nicoderm, Nicorette (not included in eligible product list)

Stomach remedies – Mylanta, Maalox, Tums (not included in eligible product list)

Smoking cessation program – The cost of a stop-smoking program is reimbursable. In June 1999 the IRS reversed its position on this issue based on scientific evidence proving the addictive nature of tobacco. Stop-smoking drugs prescribed by a physician are also reimbursable. The cost of nonprescription drugs such as nicotine patches or gum should be reimbursable when purchased to quit smoking.

Spa or resort – Although a visit to a spa or resort may be prescribed by a physician for medical treatment, only the costs of the medical services provided are reimbursable, not the cost of transportation. *See Transportation and Trips.*

Special education – Medical expense fees that you pay on a doctor’s recommendation for a child’s tutoring by a teacher who is specially trained and qualified to work with children who have learning disabilities caused by mental or physical impairments, including nervous system disorders. You can include as a medical expenses (tuition, meals and lodging) of attending a school that furnished special education to help a child to overcome a learning disability. A doctor must recommend that the child attend the school. Overcoming the learning disabilities must be a principle reason for attending the school and any ordinary education received must be incidental to the special education provided. Special education includes: teaching Braille to a visually impaired person, teaching lip reading to a hearing-impaired person or giving remedial language training to correct a condition caused by a birth defect. You cannot include in medical expenses the cost of sending a problem child to a school where the course of study and the disciplinary methods have a beneficial effect on the child’s attitude if the availability of medical care in the school is not a principle reason for sending the student there.

Special foods – The cost of special foods and/or beverages-even if prescribed- that substitute for other foods or beverages that a person would normally consume and that satisfy nutritional requirements (such as the consumption of bananas for potassium, for example) are not deductible. However, prescribed special foods or beverages are reimbursable if they are consumed primarily to alleviate or treat an illness or disease, that are substantiated by a physician and they are not part of normal nutritional fees. Special foods purchased as part of a weight loss program are not reimbursable expenses because, according to the IRS, reduced-calorie foods are substitutes for the food individuals would normally eat. Special foods and beverages are reimbursable only to the extent that their cost is greater than the cost of the commonly available version of the same product. In December 2001 letter ruling, the IRS set four standards for determining whether cayenne pepper qualifies under Code Section 213. There may be circumstances, however, when special foods do get favorable tax treatment. The IRS allows the cost of special food to be treated for tax purposes as medical care.

To qualify, the special food must:

- alleviate or treat an illness;
- not be part of the normal nutritional needs of the individual; and

- be substantiated by a physician that is needed as part of treatment.

Spouse medical expenses – These may be reimbursable if the spouse does not file a separate tax return.

Sterilization – The cost of a legal sterilization (a legally performed operation to make a person unable to have children) is reimbursable.

Stomach care – Includes acid reducers and antacid gum, liquid and tablets; Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Sublimated sulfur powder – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Substance abuse – See *Alcoholism and drug abuse*.

Stop-Smoking programs – Medical expenses amounts you pay for a program to stop smoking; however, you cannot include in medical expenses amounts you pay for drugs that do not require a prescription, such as nicotine gum or patches, that are designed to help stop smoking.

Sunburn relief, sun protection and sunscreens – Sunscreen and sunburn relief are over-the-counter products that prevent disease (such as skin cancer) or alleviate injuries (such as sunburns) and therefore should be reimbursable FSA expenses; Coppertone, Banana Boat SPF 15+ and UVA/UVB protection; protection against skin cancer and premature skin aging

Sunglasses – Prescription sunglasses are reimbursable. Non-prescription sunglasses may be reimbursable if they meet the Section 213 definition of medical care, for example, if an optometrist recommends them for a patient with contact lenses that correct a retinal condition causing sensitivity to light.

Sun protection (SPF 15+ and “Broad Spectrum”) – Coopertone, Banna Boat SPF 15+ and UVA/UVB protection. Protection against skin cancer and premature skin aging.

Substance abuse – See *Alcoholism and drug abuse*.

Supplemental insurance policies – A health FSA cannot reimburse participants for premiums paid for supplemental insurance policies, such as policies covering cancer or other specific diseases, hospital confinement and intensive care; however, premiums for these policies can be paid by premium conversion under a cafeteria plan.

Swimming lessons – See *Dancing lessons, swimming lessons, etc.*

Taxes – Sales and service taxes imposed on qualified medical care or products are reimbursable.

Teeth guards – These devices, prescribed to treat the grinding of teeth while sleeping, are reimbursable. Guards designed for sports are not reimbursable.

Teeth whitening – These expenses are cosmetic and are not reimbursable.

Telephone – The costs of purchasing and repairing special telephone equipment that lets a hearing-impaired person communicate over a regular telephone are reimbursable.

Television – The cost of equipment that displays the audio part of TV programs as subtitles for a hearing-impaired person is reimbursable. This may include an adapter that attaches to a regular TV or the cost of a specially equipped TV in excess of the cost of the same model regular TV set.

TENS – Homedics Rapid+Relief, Icy Hot Smart Relief, Zewa Spa Buddy

Tests – Diagnostic or screening tests, such as those that detect or evaluate the risk of heart disease, stroke, diabetes, osteoporosis, cancer, etc. – qualify as medical care under Section 213 if there is a direct relationship between the test and a medical diagnosis.

Therapeutic shampoo & scalp treatments (medicated) – Nizoral, Neutrogena T-Gel to treat skin/scalp condition for short duration diagnosed by physician

Therapy – Amounts paid for therapy received as medical treatment are reimbursable. Payments made to an individual for special exercises administered to a mentally retarded child are also reimbursable. These so-called “patterning” exercises consist mainly of coordinated physical manipulation of the child’s arms and legs to imitate crawling and other normal movements. Also see *Fitness programs*.

Toiletries – Toiletries are not reimbursable in a Health FSA.

Transplants – Payments for surgical, hospital, laboratory and transportation expenses for a donor or a possible donor of a kidney or other organ are reimbursable.

Transportation – Amounts paid for transportation primarily for, and essential to, medical care are reimbursable (except as provided below), these include:

- bus, taxi, train or plane fare, or ambulance service;
- actual car expenses, such as gas and oil (but not expenses for general repair, maintenance, depreciation and insurance);
- parking fees and tolls;
- transportation expenses of a parent who must accompany a child who needs medical care;
- transportation expenses of a nurse or other person who can give injections, medications or other treatment required by a patient who is traveling to get medical care and is unable to travel alone;
- transportation expenses for regular visits to see a mentally ill dependent if these visits are recommended as a part of treatment; and
- transportation and registration fees (but not meals or lodging expenses) incurred to attend a medical conference on a chronic disease of the employee or a dependent.

Instead of actual expenses, it is acceptable to use a flat rate of \$0.23 per mile for each mile a car is used for medical purposes in 2012. The cost of tolls and parking may be added to this amount.

Reimbursable expenses do not include:

- transportation expenses to and from work, even if a medical condition requires an unusual means of transportation; or
- transportation expenses incurred if, for non-medical reasons, an employee chooses to travel to another city, such as a resort, for an operation or other medical care prescribed by a doctor.

Trips – Amounts paid for transportation to another city if the trip is primarily for and essential to receiving medical services are reimbursable (*Also see **Lodging and meals***). A trip or vacation taken for a change in environment, improvement of morale or general improvement of health, is not reimbursable, even if it is taken at the advice of a doctor. *See **Spa or resort***. The cost of commuting to a job not explicitly prescribed as therapy for a medical condition also is not reimbursable.

Tuition – Charges for medical care included in the tuition of a college or private school are reimbursable if the charges are separately stated in the tuition bill. *Also see **Learning disability and Schools, special***.

Tutors' fees – *See **Learning disability***.

Umbilical cord blood banking – Yes, if there is an existing or imminently probable disease, physical or mental defect or illness (for example, stem cells).

Unmedicated nasal sprays, drops & inhalers – Ocean Nasal Spray (not included in eligible product list)

Unmedicated vapor products – Sudacare, un-medicated Vicks Vapor Rub (not included in eligible product list). Includes asthma medications and delivery devices like inhalers and nebulizers, vaporizers and humidifiers.

Unscheduled office visits – Physicians' offices may charge a fee for coming without an appointment. Fees charged for an unscheduled visit can be considered a qualified medical expense that can be reimbursed through FSA funds, if the participant received qualified services as defined by Section 213(d) during that visit.

Upset stomach medications – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Vacation – *See **Trips***.

Vaccinations – Flu Shots, Pneumonia Vaccinations

Vaccines – Expenses for vaccines are reimbursable.

Vapor patch cough suppressant – Medical expenses paid per Patient Protection and Affordable Care Act (PPACA) 1.1.2011.

Vaporizers & humidifiers and Accessories – Vicks, Sunbeam, Kaz if used to treat illness, not covered for normal household use

Vasectomy – Expenses for vasectomies are reimbursable.

Viagra – If prescribed to treat impotence as a specific medical condition, the cost of Viagra is reimbursable.

Vision care – Optometric services and medical expenses for eyeglasses and contact lenses needed for medical reasons are reimbursable. Eye exams and expenses for contact lens solutions are also reimbursable. However, premiums for contact lens replacement insurance are not reimbursable. *Also see **Radial keratotomy***.

Vitamins – Only expenses for vitamins prescribed by a physician that are prescription strength to treat a specific medical condition are reimbursable. Dietary supplements, such as vitamins, cosmetics and other products used **to maintain general good health** are not reimbursable.

Wage continuation policies – Premiums paid under wage continuation policies are not reimbursable because they could provide benefits that would be received in a subsequent plan year, resulting in prohibited deferred compensation.

Wart removal medication – Wart removal medication is reimbursable.

Weight control supplements – To treat obesity diagnosed by a physician.

Weight loss program – The cost of a weight loss program for general health is not reimbursable even if a doctor prescribes the program. However, the cost of a weight loss program may be reimbursable in two (2) instances. First, if attendance at a weight loss program is prescribed by a physician to treat a specific illness (e.g., heart disease), the expense is reimbursable. The physician should substantiate the necessity of this treatment. Second, obesity is now medically recognized by the IRS as a disease in its own right, and weight loss programs to treat obesity are reimbursable expenses. Apparently, weight loss programs to treat obesity do not have to be prescribed by a physician, but obesity must be diagnosed. *Also see **Special foods***. A medical expense for weight loss can be reimbursed if the treatment is for a specific disease diagnosed by a physician. Exercise equipment and exercise programs are covered if prescribed by a physician. Alli, Slim Fast to treat obesity diagnosed by a physician

Well baby care – See *Nursing services*.

Wigs – If prescribed for the mental health of a patient who has lost all of his/her hair from disease or treatment.

Wheelchair – Amounts paid for an autoette or a wheelchair used mainly for the relief of sickness or disability, and not just to provide transportation to and from work, are reimbursable. The cost of operating and maintaining the autoette or wheelchair is also reimbursable.

Whole Life insurance premiums – Whole Life insurance premiums are not reimbursable in a Health FSA; not allowed in premium conversion because they could provide benefits that would be received in a subsequent plan year, resulting in prohibited deferred compensation.

Wigs – See *Personal use items*.

X-ray fees – Amounts paid for X-rays taken for medical reasons are reimbursable.

Definitions

Dependent

A Participant's Spouse or an individual who is a dependent within the meaning of Section 152(a) of the Internal Revenue Code of a Participant or a former Participant in the Plan.

1. a child (including adopted children and eligible foster children) or a descendant of a child up to the attained age of twenty-seven (27);
2. a brother, sister, stepbrother, or stepsister;
3. the father or mother, or an ancestor of either;
4. a stepfather or stepmother;
5. a son or daughter of a brother or sister of the plan participant;
6. a brother or sister of the father or mother of the plan participant;
7. a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
8. an individual, who is not the plan participant's spouse, who lives with the plan participant and is a member of the plan participant's household;

A relative described above is a qualifying relative only if he or she receives more than one-half of his or her support from the plan participant. Special rules apply in cases of multiple support agreements, in which no one person contributes over one-half of the individual's support. The individual also must have gross income less than the exemption amount (see current IRS Form 1040), not including certain income earned by disabled individuals.

A Dependent for whom expenses can be reimbursed from the Dependent Care Account must meet the following criteria:

1. Can be claimed as a dependent for Federal income tax purposes; and
2. Is under the age of thirteen (13); or
3. If over the age of thirteen (13), requires full time care because of physical or mental incapacity; or
4. Is the spouse of the employee and is physically or mentally incapable of caring for himself or herself.

If the covered participant is divorced, the covered participant can generally have your child's dependent care expenses reimbursed if you are the custodial parent, i.e., if you have custody of the child for a longer period of time during the Plan Year than the other parent. However, the following exceptions would override the custodial parent rule and permit you, as a non-custodial parent, to have your child's dependent care expenses eligible for the reimbursement account:

1. The custodial parent formally releases claim to the Federal income tax dependent exemption for the tax year;
2. You provide over half of the support of the child under a multiple support agreement; or
3. You are entitled to the dependent exemption for Federal income tax as a result of an agreement executed prior to 1985.

Payments made directly to a child or any other person that you can claim as a dependent cannot be reimbursed by this Plan.

Dual-Purpose

Some products are considered dual-purpose. These products may have both a medical purpose and a personal hygiene, cosmetic or general health purpose. In order to be considered eligible, they must be used to treat a medical condition and cannot be used to improve or maintain general health unless prescribed by a physician to treat a specific illness, condition or injury. These products may be eligible for reimbursement, but require a letter of medical necessity from a licensed healthcare professional stating the specific diagnosis or medical condition, the specific OTC medicine and recommendation to treat the condition and documentation of the product and cost.

Employee

An individual employed by the Plan Sponsor who regularly works at least twenty (20) hours per week, and at least five (5) months per year, except for:

1. Employees covered by a collective bargaining agreement;
2. Employees who are non-resident aliens who receive no earned income from the Employer which constitutes income from sources within the United States;
3. Employees who are self-employed individuals as defined in Section 401(c) of the Internal Revenue Code (including sole proprietors and partners in a partnership); and

4. Employees who own (or are considered to own within the meaning of Section 318 of the Internal Revenue Code) more than two (2) percent of the outstanding stock of an S corporation or stock possessing more than two (2) percent of the total combined voting power of all stock of such corporation.

Participant

Any Employee who has met the eligibility requirements of the Plan and has elected to participate in the Plan by providing the Plan Sponsor with an executed Benefits Enrollment Form.

Plan Year

The twelve (12) consecutive month period beginning the first (1st) day of the plan year.

Salary Reduction Agreement

The agreement by an Employee authorizing the Plan Sponsor to reduce the Employee's compensation while a Participant during the Plan Year for purposes of making contributions toward benefits under the Plan.

Spouse

An individual who is legally married to a Participant but shall not include an individual separated from a Participant under a decree of legal separation.

Qualifying Event

An event as prescribed by IRS Rule 1.125-4.

1. With regards to the election to participate in the Plan and election for benefits other than Accident, Health and Group Term Life, Qualifying Event shall include a change in status such as the marriage or divorce of the Participant; the adoption, placement for adoption, birth or death of a child or other Dependent of the Participant or the Participant's Spouse; the emancipation or coming of age of a child of the Participant so that the child is no longer eligible as a Dependent under change in status in the opinion of the Plan Sponsor.
2. With regards to elections for accident, Health or Group Term Life benefits, Qualifying Event shall include events that change an eligible Employee's legal marital status, number of dependents, the eligible Employee's, Spouse's or dependent's employment status, work schedule, residence or work site, an event that causes an eligible Employee's Dependent to satisfy or cease to satisfy the requirements for coverage, and such other events as provided in code or regulation.

Capital Expenses

Medical expenses incurred by employees for special equipment installed in the home or for improvements are reimbursable under an FSA account (subject to the discussion below) if their main purpose is medical care. Under Internal Revenue Code Section 213, the cost of permanent improvements that increase the value of the property may be partly deducted as a medical expense. The cost of the improvement is reduced by the increase in the value of the property; the difference is a deductible medical expense. If the value of the property is not increased by the improvement, the entire cost is deductible as a medical expense. Improvements made to accommodate a residence to a person's disability do not usually increase the value of the residence, and the full cost is usually reimbursable. These improvements include, but are not limited to:

- › constructing entrance or exit ramps;
- › widening doorways at entrances or exits;
- › widening or otherwise modifying hallways and interior doorways;
- › installing railing, support bars or other modifications to bathrooms;
- › lowering or making other modifications to kitchen cabinets and equipment;
- › moving or otherwise modifying electrical outlets and fixtures;
- › installing porch lifts and other forms of lifts (but generally not elevators);
- › modifying fire alarms, smoke detectors and other warning systems;
- › modifying stairways;
- › adding handrails or grab bars;
- › modifying hardware on doors;
- › modifying areas in front entrance and exit doorways; and
- › re-grading the ground to provide access to the residence.

Only reasonable costs to accommodate a personal residence to a disabled condition are considered medical care. Additional costs for personal motives, such as for architectural or aesthetic reasons, are not reimbursable.

Operation and Maintenance. If a capital expense qualifies as a reimbursable medical expense, then expenses related to operation and maintenance also qualify as medical expenses, as long as the medical reason for the capital expense still exists. This is so even if none or part of the original capital expense qualified as a medical care expense.

Improvements to Property Rented by a Person with Disabilities. Amounts paid by a person with disabilities to buy and install special plumbing fixtures, mainly for medical reasons, in a rented house are reimbursable medical expenses. For example, Don has arthritis and a heart condition. He cannot climb stairs or get into a bathtub. On his doctor's advice, he installs a bathroom with a shower stall on the first floor of his two-story rented house. Don's landlord did not pay any of the cost of buying and installing the special plumbing and did not lower the rent. Don can deduct the entire amount he paid.

It is important that you budget carefully when taking advantage of the Medical Expense Reimbursement Account. The same tax law that permits this benefit also specifies that any money that is left in your account at the end of the plan year must be forfeited. Your account balance cannot be transferred to your Child Care Reimbursement Account or carried forward to the next year.

All employee and dependent coverage will terminate on the **earliest** of the end of the month your employment terminates or the end of the month in which you cease to be an active, full-time Employee.

The exception to this rule is that when such termination of coverage would otherwise fall on the last day of the last month of the plan year, in which case the coverage will not terminate until the fifteenth (15th) day of the third (3rd) month following the end of the plan year. If your employment terminates or you lose coverage before the end of the plan year, you have ninety (90) days from the end of the plan year to claim medical expenses incurred prior to your date of termination. *If your coverage is still effective on the last day of the plan year, you have ninety (90) days from the end of the plan year to claim medical expenses in excess of the designated carryover incurred during the plan year.*

Even if you should over budget and have some money remaining unused in your account, you may still benefit due to the amount of your tax savings.

Money from your Unreimbursed Healthcare Spending Account will pay your medical expenses with before tax dollars. Any expenses paid from this account may not be claimed again as a deduction on your income tax return.

Capital Expenses Worksheet

The following worksheet may be used to figure the amount of a reimbursable capital expense.

- | | | |
|----|---|----------|
| 1. | Enter the cost improvements. | \$ _____ |
| 2. | Enter the value of the home immediately after improvements | \$ _____ |
| 3. | Enter the value of your home immediately before the improvements | \$ _____ |
| 4. | Subtract line 3 from line 2. This is the increase in the value of your home due to improvements
(If line 4 is more than or equal to line 1, you have no medical expenses due to the home improvements; stop here)
(If line 4 is less than line 1, go to line 5) | \$ _____ |
| 5. | Subtract line 4 from line 1. These are your medical expenses due to home improvements. | \$ _____ |

Improvements to accommodate a disability do not usually increase the value of the residence, and the full cost usually is reimbursable. Improvements include, but not limited to:

- › Constructing entrance or exit ramps;
- › Widening doorways at entrances or exits;
- › Widening or otherwise modifying hallways and interior doorways;
- › Installing railing, support bars or other modifications to bathroom;
- › Lowering or making other modifications to kitchen cabinets and equipment;
- › Moving or otherwise modifying electrical outlets and fixtures;
- › Installing porch lifts and other forms of lifts (but generally not elevators);
- › Modifying fire alarms, smoke detectors and other warning systems;
- › Modifying stairways;
- › Adding handrails or grab bars;
- › Modifying hardware on doors;
- › Modifying areas in front entrance and exit doorways; and
- › Re-grading the ground to provide access to the residence.



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Medical Necessity Availability Form

Under the IRS rules, some healthcare services and products are only eligible for reimbursement through a Flexible Spending Arrangement (FSA), Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA) when a physician or healthcare provider certifies they are medically necessary. Please have your provider complete the attached form.

Date	Employee Name
Unique Identification #/Social Security #	Subscribers Policy Holder's Name
Provider Address	Provider Phone Number
	Diagnosis
Start Date of Treatment	End Date of Treatment
Recommended Medical Treatment	
Explanation How the Medical Treatment Alleviates the Diagnosis	

Provider Signature

Date



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Employee Enrollment Form

QE Carryover Plan

Plan Year: _____

Employer Name		Employer Group #																							
Employee Name		Unique Identification #/Social Security #																							
Employee Preferred Contact Phone #		Employee E-mail																							
Street Address	City	State	Zip Code <input type="checkbox"/> Check here if new																						
Mailing Address	City	State	Zip Code <input type="checkbox"/> Check here if new																						
Date of Birth	Check One <input type="checkbox"/> Male <input type="checkbox"/> Female	Check One <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Married <input type="checkbox"/> Divorced	Date Employed																						
Spouse Name (First, M.I.)	Date of Birth	I request that my salary be reduced as follows: <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Annually</th> <th style="text-align: center;">Monthly</th> </tr> </thead> <tbody> <tr> <td>Contribution for Medical Coverage</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Contribution for Dental Coverage</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Other Contributions (SPECIFY)</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Unreimbursed Healthcare Expenses</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Dependent Care Expense (DCA)</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td colspan="2">Total Authorized Reductions</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table>			Annually	Monthly	Contribution for Medical Coverage	\$ _____	\$ _____	Contribution for Dental Coverage	\$ _____	\$ _____	Other Contributions (SPECIFY)	\$ _____	\$ _____	Unreimbursed Healthcare Expenses	\$ _____	\$ _____	Dependent Care Expense (DCA)	\$ _____	\$ _____	Total Authorized Reductions		\$ _____	\$ _____
	Annually			Monthly																					
Contribution for Medical Coverage	\$ _____			\$ _____																					
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Dependent Name (First, M.I.)	Date of Birth																								
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AUTHORIZATION: I certify the above information to be correct and true to the best of my knowledge and that any children listed are dependents under Section 152 of the Internal Revenue Code. I understand that any amounts remaining in my account(s) not used for expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws unless my employer has authorized a carryover pursuant to IRS Notice 2013-71. I also understand that the Flexible Spending reduction(s) will be in effect for the plan year and cannot be revoked unless I experience a change in my family status, significant change in cost or coverage of my health plan or my spouse's health plan or separation from service as prescribed by IRS rules. If a change in family status occurs, you have thirty-one (31) days from the occurrence to change or revoke your election. Furthermore, I hereby authorize my employer to transfer my required health benefits contribution on a monthly basis to the TML MultiState Intergovernmental Employee Benefits Pool. I agree to only submit claims which qualify as medical expenses under Section 213, Internal Revenue Code or dependent care expenses under Section 129, Internal Revenue Code.

I accept: Pre-tax Premium Only Unreimbursed Healthcare DCA Unreimbursed Capital Health Expense

Employee Signature Date

WAIVER OF PARTICIPATION: The benefits of the plan have been thoroughly explained to me and I **decline** to participate.

Employee Signature Date

Please return this form to your employer.



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Employee Change Form

QE Carryover Plan

Plan Year: _____

Employer Name		Employer Group #	
Employee Name		Unique Identification #/Social Security #	
Employee Preferred Contact Phone #		Employee E-mail	
Street Address	City	State	Zip Code <input type="checkbox"/> Check here if new
Mailing Address	City	State	Zip Code <input type="checkbox"/> Check here if new
Effective Date of Change	Reason for Change		

ADD OR REMOVE FAMILY MEMBERS: (COMPLETE BELOW)			
<input type="checkbox"/> Add <input type="checkbox"/> Change	Name (First, M.I.)	Relation	Date of Birth
<input type="checkbox"/> Add <input type="checkbox"/> Change	Name (First, M.I.)	Relation	Date of Birth

CHANGE IN COVERAGE TYPE: (COMPLETE BELOW)						
Coverage	Change		From		To	
			Pledge Amount	Monthly Amount	Pledge Amount	Monthly Amount
Medical Contribution	<input type="checkbox"/> Add <input type="checkbox"/> Remove	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease				
Dental Contribution	<input type="checkbox"/> Add <input type="checkbox"/> Remove	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease				
Unreimbursed Health Care Expense	<input type="checkbox"/> Add <input type="checkbox"/> Remove	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease				
Dependent Care Expense (DCA)	<input type="checkbox"/> Add <input type="checkbox"/> Remove	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease				
Other Contribution (Please specify)	<input type="checkbox"/> Add <input type="checkbox"/> Remove	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease				

AUTHORIZATION: I certify the above information to be correct and true to the best of my knowledge and that any children listed are dependents under Section 152 of the Internal Revenue Code. I understand that any amounts remaining in my account(s) not used for expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws unless my employer has authorized a carryover pursuant to IRS Notice 2013-71. I also understand that the Flexible Spending reduction(s) will be in effect for the plan year and cannot be revoked unless I experience a change in my family status, significant change in cost or coverage of my health plan or my spouse's health plan or separation from service as prescribed by IRS rules. If a change in family status occurs, you have thirty-one (31) days from the occurrence to change or revoke your election. Furthermore, I hereby authorize my employer to transfer my required health benefits contribution on a monthly basis to the TML MultiState Intergovernmental Employee Benefits Pool. I agree to only submit claims which qualify as medical expenses under Section 213, Internal Revenue Code or dependent care expenses under Section 129, Internal Revenue Code.

Employee Signature

Date

Please return this form to your employer.



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Unreimbursed Healthcare Reimbursement Form

QE Carryover Plan

Plan Year: _____

Employer Name			Employer Group #		
Employee Name			Unique Identification #/Social Security #		
Street Address	City	State	Zip Code	<input type="checkbox"/> Check here if new	
Mailing Address	City	State	Zip Code	<input type="checkbox"/> Check here if new	

Description of Eligible Expense	Incurred Date	Total Amount of Bill	Amount paid by any Plan	Amount to be Reimbursed	Expense for: (Name)
_____	_____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	_____
TOTAL		\$ _____	\$ _____	\$ _____	

AUTHORIZATION: I certify the above information to be correct and true to the best of my knowledge and that any children listed are dependents under Section 152 of the Internal Revenue Code. I understand that any amounts remaining in my account(s) not used for expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws unless my employer has authorized a carryover pursuant to IRS Notice 2013-71. I also understand that the Flexible Spending reduction(s) will be in effect for the plan year and cannot be revoked unless I experience a change in my family status, significant change in cost or coverage of my health plan or my spouse's health plan or separation from service as prescribed by IRS rules. If a change in family status occurs, you have thirty-one (31) days from the occurrence to change or revoke your election. Furthermore, I hereby authorize my employer to transfer my required health benefits contribution on a monthly basis to the TML MultiState Intergovernmental Employee Benefits Pool. I agree to only submit claims which qualify as expenses under Section 213, Internal Revenue Code.

Employee Signature

Date

Please return this form to TML MultiState IEBP.



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Dependent Care Reimbursement Form

QE Carryover Plan

Plan Year: _____

Employer Name			Employer Group #	
Employee Name			Unique Identification #/Social Security #	
Street Address	City	State	Zip Code	<input type="checkbox"/> Check here if new
Mailing Address	City	State	Zip Code	<input type="checkbox"/> Check here if new

Name of Individual or Organization providing Dependent Care Services	Tax ID or SS#	Date Incurred	Amt to be Reimbursed	Expense for care of: (Name)
_____	_____	_____	\$ _____	_____
Name				
_____	_____	_____	\$ _____	_____
Name				
_____	_____	_____	\$ _____	_____
Name				
TOTAL			\$ _____	

Employee Signature Date

AUTHORIZATION: I certify the above information to be correct and true to the best of my knowledge and that any children listed are dependents under Section 152 of the Internal Revenue Code. I understand that any amounts remaining in my account(s) not used for expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws unless my employer has authorized a carryover pursuant to IRS Notice 2013-71. I also understand that the Flexible Spending reduction(s) will be in effect for the plan year and cannot be revoked unless I experience a change in my family status, significant change in cost or coverage of my health plan or my spouse's health plan or separation from service as prescribed by IRS rules. If a change in family status occurs, you have thirty-one (31) days from the occurrence to change or revoke your election. Furthermore, I hereby authorize my employer to transfer my required health benefits contribution on a monthly basis to the TML MultiState Intergovernmental Employee Benefits Pool. I certify that the expenses listed above qualify as expenses under Section 129, Internal Revenue Code.

Statement of Certification: I certify that I have provided care for _____'s child (children or dependent) from _____ to _____. My charge for this service was _____.	
Name and Address of Provider	Provider's Signature
Tax ID or SS#	

Please return this form to TML MultiState IEBP.



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Account Claim Form

INSTRUCTIONS: Please complete this form for the submission of any EOBs, prescription orders or receipts. Number your EOBs and receipts to correspond with the "Item #" column in sections B, C and/or D. Fax form to (512) 719-6505 or mail form to TML MultiState IEBP. This form must be submitted with each EOB or receipt; claims will not be processed unless proper documentation is supplied. Please Note: Section B applies only to plans in which Flexible Spending Funds are available after meeting a Flexible Spending deductible. For more information about your plan, consult your enrollment materials, your HR Department or TML MultiState IEBP.

A. Account Holder Information*			
NAME	Last	First	Middle Initial
MAILING ADDRESS	Street	City	State Zip
Unique Identification #/Social Security #		Employer	
Preferred Contact Phone # () -		E-mail	

B. EOBs for Proof of Deductible (necessary only for plans in which Flexible Spending Funds are available after meeting a Flexible Spending Deductible)		
Item #	Date	Provider
E1	/ /	
E2	/ /	
E3	/ /	
E4	/ /	
E5	/ /	

C. Receipts For Reimbursement			
Please complete this section for any requests for manual reimbursements from your Flexible Spending funds. You must provide a corresponding receipt in order to be reimbursed. NOTE: You may have to meet your Flexible Spending Deductible (see Section B above) before you are eligible for reimbursement. Consult your HR Department or TML MultiState IEBP for your plan info.			
Item #	Date	Provider	Amount
R1	/ /		
R2	/ /		
R3	/ /		
R4	/ /		
R5	/ /		
TOTAL			

D. Receipts For Pharmacy Purchases		
Please complete this section to accompany pharmacy receipts. You must provide receipts for all pharmacy purchases.		
Item #	Date	Provider
P1	/ /	
P2	/ /	
P3	/ /	
P4	/ /	
P5	/ /	

E. Agreement and Signature*		
I certify that these eligible expenses have been incurred by me or my eligible dependent and are not for cosmetic purposes but for the treatment of an illness, injury, trauma, or medical condition. I understand that expenses incurred means the service has been provided that gave rise to the expense, regardless of when I am billed or charged for or pay for the service. The expenses have not been reimbursed and I will not seek reimbursement elsewhere. I understand that any amounts reimbursed may not be claimed on me or my spouse's income tax returns. I understand that I am not eligible for reimbursement before I have reached the Flexible Spending deductible set by my employer. I have received and read the printed material regarding the reimbursement accounts and under all of the provisions.		
	Employee Signature	Date / /
MAIL TO: TML MultiState IEBP PO Box 140167 Austin, Texas 78714-0167	FAX TO: TML MultiState IEBP (512) 719-6505	Please keep copies of all receipts, prescription orders and EOBs for your own records. For questions and concerns, please call TML MultiState IEBP at (800) 282-5385. * These sections are required. Use only Sections B, C and D as needed.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, June 14, 2016

AGENDA ITEM: 10

Deliberate and act on interlocal agreements with Aransas County and/or the Town of Fulton or Aransas County Independent School District for the following services:

- a. Animal Control
- b. Aquatic Center
- c. Dispatching Services
- d. Jail Services
- e. Juvenile Case Manager
- f. Restaurant Health Inspections
- g. Roads and Drainage
- h. Septic Systems

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: On March 21, 2016, Council had a Joint Special Workshop with Commissioners Court to discuss all of our interlocal agreements. At that time the County Attorney was tasked with drafting redlined copies of agreements incorporating the changes made at the workshop. The redlined versions were delivered June 2, 2016. Please see the accompanying minutes of the Joint Special Workshop Meeting for a recap of what the consensus with Commissioners Court was and the redlined copy of each interlocal for more details.

FISCAL ANALYSIS: See individual agreements.

RECOMMENDATION: Staff recommends Council approve the agreements reflecting the consensus of the March 21, 2016, meeting.

CITY OF ROCKPORT

MINUTES

JOINT SPECIAL WORKSHOP MEETING

9:00 a.m., Monday, March 21, 2016

Rockport Service Center – 2751 State Highway 35 Bypass

On the 21st day of March 2016, the City Council of the City of Rockport and the Aransas County Commissioners' Court convened in Joint Special Workshop Session at 9:00 a.m., at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
 Mayor Pro-Tem Pat Rios, Ward 3
 Council Member Rusty Day, Ward 1
 Council Member J.D. Villa, Ward 2
 Council Member Barbara Gurtner, Ward 4

ARANSAS COUNTY JUDGE & COMMISSIONERS PRESENT

County Judge C.H. "Burt" Mills, Jr.
 County Commissioner Precinct 1-1A Jack Chaney
 County Commissioner Precinct 2 Leslie "Bubba" Casterline
 County Commissioner Precinct 3 Charles Smith
 County Commissioner Precinct 4 Betty Stiles

CITY STAFF MEMBERS PRESENT

City Manager Kevin Carruth
 City Secretary Teresa Valdez
 City Attorney Terry Baiamonte
 Public Works Director Mike Donoho
 Community Planner Kimberly Clark
 Finance Director Patty Howard
 Police Chief Tim Jayroe
 Information Technology Director Brian Jacobs
 Communications Center Administrator Lee Zapata
 Street Crew Leader Ryan Picarrazi
 Park & Leisure Services Director Tom Staley

ELECTED OFFICIALS

Town of Fulton Mayor Jimmy Kendrick

COUNTY STAFF MEMBERS PRESENT

County Attorney Kristen Barnebey
 Sheriff Bill Mills
 Office & Contract Manager for the County Attorney's Office Carrie Arrington

1. Call to Order - The Honorable Charles J. Wax, Mayor.

With a quorum of the Council Members present, the Joint Special Workshop Meeting of the Rockport City Council was called to order by Mayor Wax at 9:00 a.m. on Monday, March 21, 2016, at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas.

2. Call to Order - The Honorable C.H. "Burt" Mills, Jr., County Judge.

With a quorum of the Commissioners present, the Joint Special Workshop Meeting of the Aransas County Commissioners' Court was called to order by Judge Burt Mills at 9:00 a.m. on Monday, March 21, 2016, at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas.

Regular Agenda

3. Hear and deliberate on interlocal agreements:

- A. Animal Control**
- B. Community Aquatic Park**
- C. Dispatch**
- D. Extra-Territorial Jurisdiction (ETJ) Regulation**
- E. Jail Services**
- F. Juvenile Case Manager**
- G. Restaurant Health Inspection Services**
- H. Roads & Drainage**
- I. Septic Systems**
- J. Subdivision Regulation**

Judge Mills suggested that items 3.F. Juvenile Case Manager and 3.G. Restaurant Health Inspection Services be addressed first since they are the same every year.

F. Juvenile Case Manager

Mayor Wax stated that the County Agreement that the Council had considered at the December 8, 2015, Council Meeting did not contain an auto renewal clause.

Commissioner Casterline stated the revised version supplied by the County contains the auto renewal clause, as well as the provision for monthly payments and the provision listing the contact information for all notices, communications and reports.

Discussion was held among Council and Commissioners regarding the future procedure of sending and receiving information by email.

It was the consensus of the Council and Commissioners that a "Request a Read Receipt" be attached to emails sent. The City Manager would receive for the City with a copy sent to the City Secretary, the County Judge would receive for the County with a copy to the County Attorney's Office, and the Mayor would receive for the Town of Fulton with a copy sent to the Town Secretary.

It was the consensus of the Council and Commissioners that all agreements on this agenda would be changed to reflect the 60 day clause for written notice of cancellation.

It was the consensus of the Council and Commissioners that a Juvenile Case Manager Interlocal Agreement be prepared with the following: 1) the auto renewal clause, 2) the 60 day clause for written notice of cancellation, 3) the provision for monthly payments, and 4) the provision listing the contact information for all notices, communications and reports, be prepared. *Note: It was later decided that the following be added to each agreement: 1) signature date of July of year of execution be added to each agreement on this Agenda, and 2) a paragraph on requests for information*

G. Restaurant Health Inspection Services

Mayor Wax stated that this agreement is a fee-based. Mayor Wax said the auto-renewal clause was not in this agreement provided by the County.

Commissioner Smith suggested that all renewal agreements be signed by July 31st of each year, so that they can be included in each entity's budget for the following year.

It was the consensus of Council and the Commissioners that Commissioner Smith's suggestion be adopted regarding renewal of interlocal agreements; all interlocal agreements should be executed by July 31st of each year to allow for each entity's budget planning.

It was the consensus of the Council and Commissioners that the Restaurant Health Inspections Services Interlocal Agreement be prepared with the following: 1) auto renewal clause, 2) the 60 day clause for written notice of cancellation, 3) the paragraph on requests for information, 4) the provision listing the contact information for all notices, communications and reports, 5) a signature date of July of year of execution.

I. Septic Systems

Commissioner Stiles stated the auto renewal clause needed to be added to this agreement.

City Manager Carruth stated he had suggested that in the interlocal agreements there be an addition of a paragraph addressing requests for information from one party to another party.

Judge Mills stated he did not have any problem with the addition of that paragraph in all the agreements.

It was the consensus of the Council and Commissioners that the 60 day written notice of cancellation, auto renewal clause, and the paragraph addressing requests for information be included in all the interlocal agreements.

It was the consensus of the Council and Commissioners that the Septic Systems Interlocal Agreement be prepared with the following: 1) the 60 day clause for written notice of cancellation, 2) the auto renewal clause, 3) the paragraph on requests for information, 4) the provision listing the

contact information for all notices, communications and reports, and 5) a signature date of July of year of execution.

H. Roads & Drainage

Commissioner Stiles stated she did not find any different verbiage in the agreement.

City Manager Carruth stated the biggest part of this agreement is the seal coat project.

Mayor Wax stated, that as a policy, if any party wants to make changes to agreements, they should provide a red-lined copy to the other parties involved.

Mayor Wax added that the agreement should contain the 60 day written notice of cancellation, auto renewal clause, the paragraph addressing requests for information, the provision listing contact information for all notices, communications and reports, and a signature date of July of year of execution.

Mayor Wax stated the City will take the responsibility of providing a red-lined copy to the County Attorney's office.

Commissioner Chaney raised a concern about instances when immediate repairs are necessary, for example during a flood event. Commissioner Chaney suggested that when this agreement is readied, there is a purview that the City and County will work together during emergencies and have the authority to do that without Council or Commissioner approval.

Commissioner Smith said that the law states this cannot be done unless authorized by Commissioners' Court.

County Attorney Barneby stated that the Town of Fulton needed to be added to the agreement along with a signatory line for its Mayor. County Attorney Barneby requested the City Manager email a redlined copy of this agreement to her.

A. Animal Control

Commissioner Smith stated the 90 day clause in this agreement should be changed to 60 days and the auto renewal clause should be added.

Commissioner Casterline said that everything that has been discussed today should be added to this agreement.

Commissioner Smith stated the provision in the agreement stating: "The removal and proper disposal of dead wildlife over 25 pounds from the public right-of-way shall be the responsibility of CITY and TOWN within their respective jurisdictions. The removal and proper disposal of dead animals from county roads shall be the responsibility of COUNTY but not performed by Animal Control," is a new provision that the County had added to the agreement. Commission Smith asked if this is the process that the County and City want.

Mayor Wax stated that this was a draft copy that the County had sent to the City and in reviewing it, there had been a clause deleted regarding removal of dead animals by the County; that has always been a provision in this agreement. Mayor Wax asked why that was taken out of the agreement.

Judge Mills stated that the Health & Safety Code addresses this. Judge Mills said the County has three (3) animal control employees and they receive a lot of calls to pick up live animals. Judge Mills asked what would be the problem with the street departments in the City of Rockport and Town of Fulton picking up the dead animals.

Commissioner Smith read the following excerpt from Health & Safety Code Section 361.117: DISPOSAL OF CARCASSES OF ANIMALS KILLED ON ROADWAYS. (a) Notwithstanding any other provision of this chapter, counties and municipalities may dispose of the carcasses of animals killed on county or municipal roadways by burying the carcasses on property owned by the entity that is responsible for road maintenance.

Commissioner Casterline stated that another concern was the weight of the dead animals; not all are small animals and the County Animal Control does not have front-end loaders, etc. to lift the dead animals.

City Manager Carruth stated the removed provision addressed “domestic pets and well as wildlife under 25 pounds.” Mr. Carruth added that the County has always picked up non-domestic.

City of Rockport Public Works Street Crew Leader Ryan Picarazzi stated that if the City Public Works crew had to pick up dead animals, this would cause contamination to the trucks carrying water pipes, etc.

Further discussion was held among Council and Commissioners.

Commissioner Chaney asked Ms. Zapata how many calls dispatch receives per year concerning carcasses.

Ms. Zapata stated she did not have this information, but she will get it provide it to the City and the County.

City Manager Carruth stated there were a couple of other items that should be discussed, Item 4.b) in the agreement. Mr. Carruth said there has been some questions in regard to data provided and the source of the data.

Judge Mills stated the Animal Control Department now has a software program that will keep a better record of how many animals are picked up or dropped off and in whose jurisdiction they were located or found.

Commissioner Chaney commented that this falls in several of these agreements; the County and the City need to decide what unit of measure is going to be used to determine costs.

Commissioner Smith stated that Item 4.b - "Aransas County will invoice the CITY and TOWN a monthly flat fee of \$8,550.00 for the City of Rockport and a monthly flat fee of \$2,750.00 for the Town of Fulton. Payment shall be made to Aransas County within 30 days from the date of invoice" addresses that; it is a flat fee for this year and starting next year, the data can be utilized to determine the fees.

Mayor Wax suggested the agreement be left at a flat fee for this year and then can be changed next year if necessary. Mayor Wax added that Dispatch sends monthly summaries to all entities.

County Attorney Barnebey stated the County proposed agreement Item 4.a) is different from the City proposed agreement.

Commissioner Chaney commented that in the agreement proposed by the City, Item 4.a)(1) - "A proposed budget will be prepared by the Aransas County Judge and furnished to CITY and TOWN by no later than June 30, and CITY's and TOWN's input may be considered by the Commissioners Court of Aransas County in its approval of the Animal Control Budget. The proposed budget shall be accompanied by a narrative in sufficient detail to explain (1) each line item, ..." is too cumbersome. Commissioner Chaney said he thought it was unnecessary.

Discussion was held among Council, Commissioners and City Manager Carruth.

Mayor Wax suggested that Item 4.a)(1) be deleted and items 4.1(2) and 4.1.(3) be re-numbered respectively.

It was the consensus of the Council and Commissioners that the Animal Control Interlocal Agreement be prepared deleting Item 4.a)(1), and containing the following: 1) monthly payments; 2) the auto renewal clause, 3) the 60 day clause for written notice of cancellation, 4) the provision listing the contact information for all notices, communications and reports, 5) adding the paragraph on requests for information, and 6) a signature date of July of year of execution.

B. Community Aquatic Park

Commissioner Chaney stated that it can be determined where people live who are using the pool. Commissioner Chaney said that at the end of each month all entities are receiving a report from the pool.

City Manager Carruth stated that as of January 1, 2016, a price change was implemented at the pool.

Park & Leisure Services Director Tom Staley stated the price change was on the punch card; instead of \$3.33 per visit it is \$4.00. Mr. Staley added that it is difficult in June and July to obtain information from visitors because of the number of people that visit the pool.

Mayor Kendrick stated there is a YMCA program that may engulf the pool and he does not know how that is going to work yet. Mayor Kendrick expressed that the pool was built for the community, specifically a swim team. Mayor Kendrick said he thought the entities really needed to be careful about the direction they are heading when it comes to the community pool. Mayor Kendrick added

that the entities needed to know where the YMCA stands on this. Mayor Kendrick said it is not fair to the county and it is not fair to the people who have raised money to help keep it open.

Discussion was held among Council and Commissioners.

City Manager Carruth commented that the pool is at the point where its maintenance has greatly increased. Mr. Carruth stated that historically the City has covered the budget deficit and it is concerning him that as the County reduces funding, the City takes on more big ticket maintenance items.

Mayor Kendrick stated that everyone should realize that it is going to be a big issue to keep the pool open and it should not just be the City of Rockport paying to keep it open, it should be all the entities involved.

Mayor Pro-Tem Rios stated the YMCA Development Committee is looking at management of the pool, not giving it up.

Mayor Wax stated he thought the agreement should be extended and if any of the parties want to change something there will be time to do it.

It was the consensus of the Council and Commissioners that the Community Aquatic & Skate Park Interlocal Agreement be prepared with the following: 1) monthly payments; 2) the auto renewal clause, 3) the 60 day clause for written notice of cancellation, 4) the provision listing the contract information for all notices, communications and reports, 5) the paragraph on requests for information, and 6) a signature date of July of year of execution.

C. Dispatch

Commissioner Chaney asked if everyone was together on how the pro-rata rates were being determined.

City Manager Carruth stated that in the agreement that was sent to the City, there is a difference in the data sent to the County because Fulton was included in Rockport; thus the pro-rata shares would be different than what the County had in the agreement.

Mayor Wax stated that this agreement had been auto renewed.

Discussion was held among Council and Commissioners regarding line 39 of the proposed agreement: "Any amendments to the budget during the budget calendar year have to be approved by all three entity governing bodies before any changes can be made to the monthly billings."

Commissioner Casterline stated this was added because of the substantial pay raise given to Dispatch about which the County did not know.

City Manager Carruth stated that the County had been notified about the pay raises and if that action had not been taken, there would have been more costs because of overtime expenses.

Judge Mills commented that he had been informed of the pay raises.

Mayor Wax added that the Communications Boards and Judge Mills had all been notified of the pay raises and the rationale behind it.

Mayor Wax suggested line 39 be left in the agreement and he will take it upon himself to talk to Judge Mills if there are any amendments to the budget.

It was the consensus of the Council and Commissioners that the Dispatch Interlocal Agreement be prepared correcting the pro rata percentages and containing the following: 1) monthly payments, 2) the 60 day clause for written notice of cancellation, 3) the auto renewal clause, 4) the provision listing the contact information for all notices, communications and reports, 5) the paragraph on the requests for information, and 6) a signature date of July of year of execution.

A brief recess was taken from 10:48 a.m. until 10:58 a.m.

E. Jail Services

Judge Mills stated that Item A.1. should be changed to 60 days just like the other agreements, and Item B.4. should be changed to monthly instead of quarterly.

Mayor Wax stated that Item C.2. – “In the course of supplying jail services under this contract, any civil liability relating to the provision of those services shall be the responsibility of the governmental unit which would be responsible for supplying such services in the absence of this contract or agreement” should be deleted because the policies and procedures and training and administration of those procedures are determined by the Sheriff and the City has no part in that.

Sheriff Mills stated he did not have a problem with the deletion of Item C.2.

It was the consensus of the Council and Commissioners that the Jail Services Interlocal Agreement be prepared deleting Item C.2. and containing the following: 1) the 60 day clause for written notice of cancellation; 2) monthly payments, 3) the provision listing the contact information for all notices, communications and reports; 4) adding the paragraph on the requests for information, 5) auto renewal clause, and 6) a signature date of July of year of execution.

D. Extra-Territorial Jurisdiction (ETJ) Regulation

Commissioner Smith asked what Agenda Item J – Subdivision Regulation was, and did that not fall under the Extra-Territorial Jurisdiction (ETJ) Regulation Agreement.

Mayor Wax responded that when the Council and the Commissioners met in August 2015 to discuss the subdivision regulation agreements, it had been the consensus of the Council and the Commissioners to split the agreement into two parts: 1) Subdivision Regulation, and 2) ETJ Regulation.

Commissioner Smith stated that nothing has been done with this Agreement since 2004.

County Attorney Kristen Barnebey stated that the original agreement is dated 2003 and that would be the agreement that is in effect.

Discussion was held among Council on each entity's responsibility for the City's first one-half mile and the County's second one-half mile regulation of floodplain and stormwater management.

Commissioner Smith inquired whether the City has adopted the Best Management Practice (BMP) for water quality.

Mayor Wax stated that the Council will be considering approval of the Master Drainage Plan at their meeting tomorrow night, and if it is approved the City will provide a copy to the County.

Commissioner Smith suggested this item be delayed for 60 days.

Mayor Wax stated that BMP and construction processes are not part of this Interlocal Agreement. Mayor Wax stated that what the City decides to do in its ½ mile of extra-territorial jurisdiction does not impact the County.

Commissioner Casterline stated that his understanding of this was that if the City and County could not agree and this went to mediation, there would be more stringent rules applied to the entire ETJ.

Mayor Wax stated the proposed draft agreement dated October 28, 2015, memorializes what the County and the City have been doing for the last 11 years.

It was the consensus of the Council and Commissioners that a final agreement be prepared imaging the draft agreement dated October 28, 2015, with the following: 1) the 60 day clause for written notice of cancellation, 2) the auto renewal clause, 3) the paragraph on requests for information, 4) the provision listing the contact information for all notices, communications and reports, 5) a signature date of July of year of execution, and 6) monthly payments.

NOTE: Further discussion was held in regard to this item following discussion of Item J. See below.

J. Subdivision Regulation

Mayor Wax called the Council's and the Commissioners' attention to lines 43-46 of the draft copy of the agreement dated July 1, 2015: "The City and the County agree that if a proposed subdivision originates within the City's extraterritorial jurisdiction and fifty percent (50%) or more of the subdivision area extends past the extraterritorial jurisdiction line, the County shall have exclusive right to exercise its jurisdictional authority within the limits of the entire subdivision."

Council Member Day stated the written notice of termination clause should be changed to reflect 60 days instead of 45 days.

It was the consensus of the Council and Commissioners that a final agreement be prepared imaging the draft copy of the Subdivision Regulation Agreement dated July 1, 2015, with the following: 1) the 60 day clause for written notice of cancellation, 2) the auto renewal clause, 3) the paragraph on requests for information, 4) the provision listing the contact information for all notices, communications and reports, and 5) a signature date of July of year of execution.

There was discussion between the County Attorney's Office and Judge Mills concerning lines 31-34 of the Extraterritorial Jurisdiction Agreement - the regulation of permits for onsite septic facilities.

Mayor Wax stated he interpreted the paragraph to mean that the County exercises its jurisdiction for septic facilities in the City; however, if the septic is in a subdivision, the County does not override the City's subdivision regulation.

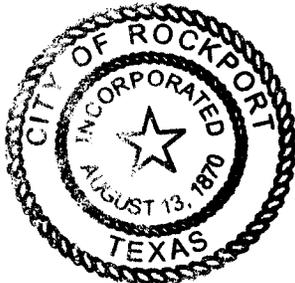
County Attorney Kristen Barnebey stated she believed the language in that paragraph could be cleaned up.

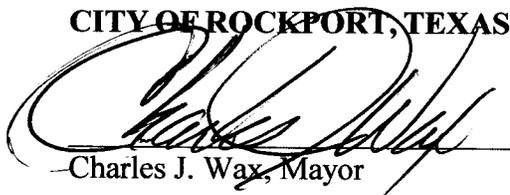
Mayor Wax stated he will look for the revised version from Ms. Barnebey, along with the other agreed changes.

4. Adjournment

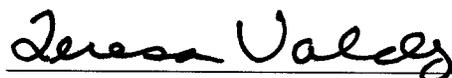
At 11:25 a.m., Council Member Villa moved to adjourn the Joint Special Workshop Meeting. Motion was seconded by Mayor Pro-Tem Rios and carried unanimously.

At 11:25 a.m., Commissioner Smith moved to adjourn the Joint Special Workshop Meeting. Motion was seconded by Commissioner Casterline and carried unanimously.



CITY OF ROCKPORT, TEXAS

 Charles J. Wax, Mayor

ATTEST:


 Teresa Valdez, City Secretary

ORIGINALMINUTES OF THECOMMISSIONERS' COURTJOINT SPECIAL WORKSHOP MEETING - MARCH 21, 2016

On the 21st day of March, 2016, there was a Joint Special Workshop Meeting of the Commissioners' Court in the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Aransas County, Texas, with the following members present: **C. H. "Burt" Mills, Jr.**, County Judge; **Jack Chaney**, Commissioner, Precinct 1; **Leslie "Bubba" Casterline**, Commissioner, Precinct 2; **Charles Smith**, Commissioner, Precinct 3; **Betty Stiles**, Commissioner, Precinct 4; and **Valerie K. Amason**, County Clerk.

Charles J. ("C.J.") Wax, Mayor for the City of Rockport; **James Russell (Rusty) Day, Jr.**, Council Member Ward #1; **Joe David ("J.D.") Villa**, Council Member Ward #2; **Patrick R. (Pat) Rios**, Mayor Pro Tem & Council Member Ward #3; **Barbara Gurtner**, Council Member Ward #4; and **Teresa Valdez**, City Secretary.

Other County Officers present were **Kristen Barnebey**, County Attorney; **Bill Mills**, Sheriff; **Carrie Arrington**, Office & Contracts Manager for the County Attorney's Office; **Lee Zapata**, Communications Center Administrator;

Other City Officers and Employees present were **Kevin Carruth**, City Manager; **Mike Donoho**, Public Works Director; **Tim Jayroe**, Chief of Police;

Also present were **Brian Olsen**, Unopposed Candidate for Precinct 3 Commissioner in upcoming General 2016 Election; **Jimmy Kendrick**, Fulton Mayor; and **Rebecca Perez**, with the Coastal Bend Herald Newspaper;

The Meeting was convened at 9:00 a.m. at which time a quorum was declared by Mayor Wax, for the City Council and by Judge Mills for

the Commissioners' Court, WHEREUPON, the following proceedings were had and done to wit:

AGENDA FOR DISCUSSION

Hear and deliberate on Interlocal Agreements:

- a. Animal Control
- b. Community Aquatic Park
- c. Dispatch
- d. Extra-Territorial Jurisdiction (ETJ) Regulation
- e. Jail Services
- f. Juvenile Case Manager
- g. Restaurant Health Inspection Services
- h. Roads & Drainage
- i. Septic Systems
- j. Subdivision Regulation

Judge Mills suggested that there were a few items that he thought they should get out of the way first, Items f & g.

Item (f.) Juvenile Case Manager - Mayor Wax stated concerning item f. the only thing I think we noticed was the auto-renewal was taken out of the agreement where it had been there before.

There was then some confusion concerning the Commissioners Court and Council Members not having the same paperwork in front of them. Future procedure was then discussed as to contact persons and also the manner of sending and receiving information by e-mail and each party would set up their e-mail to get a return receipt verification. The City Secretary would receive for the City with a copy sent to Kevin Carruth and the County Attorney's Office would receive for the County with a copy to Judge Mills. It was then decided that the auto renewal would be put back in

to this agreement and that all agreements on this agenda would be changed to reflect the 60 day clause for a written notice to withdraw. Commissioner Smith also stated that Section 5 needed to be changed which relates to this process.

Item (g.) Restaurant Health Inspection Services was accepted as written with the addition of auto renew in this one also. Revised documents will be sent to appropriate contact persons as previously stated.

Commissioner Smith also suggested that all renewal agreements be signed off on by July 31 of each year, so that they can automatically be included in the budgets with the effective dates staying the same and the signature dates changing each year.

Item (i.) Septic Systems accepted with the same changes, 60 days and auto renewal with invoicing fees to be sent monthly instead of quarterly and any open information be sent to the same contacts as previously stated.

Item (h.) Roads & Drainage - Commissioner Stiles questioned change in this agreement. Kevin Carruth pointed out that the seal coat project is the most costly part of this process. Mayor Wax stated that if any party wants to make changes in an agreement they need to red line the other parties involved. Agreement for same auto renewal and 60 days written notice. Mayor Wax stated that the City would take the responsibility to make sure these documents are sent correctly and clarified that the originals for any changes on this item would be sent to the County Judge and the City Manager and copies to County Attorney & City Secretary. Commissioner Chaney raised his concern about emergency cases where roads might be destroyed due to heavy flooding, etc. Commissioner Smith stated that Road and Bridge

could not perform these repairs, according to state regulation, without Commissioners' Court approval and an Emergency Meeting could be called for these purposes.

The county attorney brought up that a top signatory and signature line needed to be added to this agreement and they would need a redlined copy.

Item (a.) Animal Control - Commissioner Smith pointed out that the 90 day clause needed to be changed to 60 days and the standard auto renewal added. He also pointed out that this was the first time he had seen Provision 4c pertaining to the adjustment and re-invoicing of the cost of operation for period covered by agreement based on annual audit of Aransas County. Other concerns were raised about who was responsible for disposing of carcasses on roadways. The carcasses weighing over 25 lbs. would have to be moved by the Road & Bridge Department with the use of a back-end loader. Mayor Kendrick stated that they usually take care of their own calls but have asked the county for assistance on occasion. One City employee commented that there were contamination issues in using their maintenance trucks to transport carcasses because of the trucks being used to haul water pipes. Commissioner Smith stated that according to Texas Health & Safety Code Section 361.117, counties and municipalities may dispose of carcasses killed on county or municipal roadways by burying the carcass on property owned by the entity that is responsible for the road maintenance and since the City does very little road repairs how do we come to an agreement? Commissioner Chaney asked Lee Zapata about how many calls dispatch receives per year concerning carcasses. She responded that she did not have this information but she could take a count of the calls and forward the information to the Mayor and the County Judge. The Judge stated that the Animal

Control Department now has a software program that will keep a better record of how many animals are picked up or dropped off and in whose jurisdiction they were located or found.

Commissioner Chaney commented that a decision needs to be made on the measure we are going to use to decide on costs to the other entities. Commissioner Smith responded, a flat fee, go back to the percentage from July to June and get the number to set for this year and Section 4a states that a proposed budget will be prepared by the Aransas County Judge and furnished to the City and the Town of Fulton by no later than June 30th. The entities input may be considered by Commissioners' Court in its approval of the Animal Control Budget. Commissioner Chaney added that the proposed budget shall be accompanied by a narrative with sufficient detail of explanations.

Mayor Wax suggested that they delete Item 1 and re-number 2 & 3. All were in agreement and as in previous items make a change on the written notice time to 60 days.

Item (b.) Community Aquatic Park - Commissioner Chaney stated that a monthly pool report is being kept for determining who uses the pool. The price change, implemented in January, from \$3.33 to an even \$4.00 a visit for the months of June and July is easier to calculate during this busy season. This change does not affect our residents who purchase yearly memberships. We also have punch cards available for visitors.

Commissioner Smith commented that according to the last numbers I saw, over 75% of usage occurred in June and July. Those two months are extremely busy and I can understand the problems with getting information as to tracking statistics in those months.

Commissioners' Court - Page 6

March 21, 2016

Councilman Villa stated that they have staff members, every once in a while, go out to the pool and take counts of people and where they reside.

Mayor Kendrick offered that the main stand taken for building the pool was providing a community pool for Aransas County and also having availability for our tourists, a decision needs to be made on who's going to own, operate, etc. and I think we need to incorporate everything we can into this pool. The YMCA is looking to submit a proposal on managing our pool and he vowed that he would not endorse separation from what we are currently doing. We need to support this pool, it's not fair to the county and it's not fair to the people who have raised money to help keep it open.

Commissioner Smith agreed that we have a lot of issues and since it's seasonal, keeping it open all year is always a concern, but my suggestion is to keep the agreement as it is written for this year.

Commissioner Casterline stated that we do not have a proposal at this time and I think we are spinning our wheels on speculation.

Kevin Carruth commented that the life cycle of the facility and the maintenance of the pool has greatly increased; the City is at a deficit and it's concerning to me that the City is going to have to take up matters that are going to be coming due.

Mayor Kendrick explained that there is going to be expenses down the road and that we should all take the responsibility and not push it all on the City.

Councilman Rios commented that YMCA management will help out on the pool.

Mayor Wax stated that he thinks we should extend this agreement and if either party wants to change something there will be time to do it.

Item (c.) Dispatch - Commissioner Chaney asked, are we pretty much together on the pro-rata shares? Responses - yes.

Kevin Carruth stated that differences were sent to the County with Rockport's responses. The City of Fulton had 1,026 calls but they fall under the Fulton Agreement. The counties numbers stayed the same.

Mayor Wax commented that this agreement was auto renewed.

Discussion was had concerning the substantial pay raises given to Dispatch and the County not being notified, which created a problem with the budget.

Commissioner Smith stated that there needs to be procedures on notification of any substantial changes.

Agreed changes were decided to include changing 120 days to the 60 day written notice clause and leaving lines 39-41 in agreement.

Mayor Wax agreed to take it on himself to notify proper contacts of any further changes.

Meeting adjourned for a 5 minute break at 10:48 a.m.

Meeting resumed at 10:58 a.m.

Item (e.) Jail Services - Judge Mills pointed out the change needed on 60 day clause and Mayor Wax confirmed.

Judge Mills also referred to a change needed on Item 4 on Page 2 of the Agreement.

Mayor Wax advised that under C. General Provisions in paragraph 2, the City deleted the paragraph entirely because the Sheriff has all responsibilities for policy, procedures and services provided by jail and the City has no part in it. Sheriff Mills agreed.

Item (d.) Extraterritorial Jurisdiction (ETJ) Regulation - Commissioner Smith inquired if the City has adopted the B&P recommended practices for Clean Water Runoff, if proper measures are not taken we take the chance of losing seagrass. Mayor Wax said he does not recall, but the City is having a workshop in April to decide on their Master Drainage Plan and once the plan is approved at the end of May they will provide a copy to the County.

There was discussion on each entities responsibility for the City's first one-half mile and the County's second one-half mile regulation of floodplain and stormwater management, to insure minimizing conflicts in overlapping jurisdictions.

Commissioner Smith then asked if the City had built in B&P's in the drainage requirements and Mr. Donoho responded, yes.

Commissioner Smith stated, timely adoption is what is needed and Commissioner Casterline added, a more stringent set of rules by the County and the City are what is necessary.

Mayor Wax agreed we need to establish responsibilities and Judge Mills stated he did not have a problem with this agreement and proposal.

Item (j.) Subdivision Regulation - Mayor Wax stated the City had established in its ETJ that less than fifty percent of a property extends past that jurisdiction then it falls under the City; if fifty percent falls past the ETJ then the County has jurisdiction.

Commissioners' Court - Page 9

March 21, 2016

There was then some discussion between the County Attorney's Office and Judge Mills concerning lines 31 - 34, regulation of permits for onsite septic facilities and the County Attorney's office stated that they would re-write this.

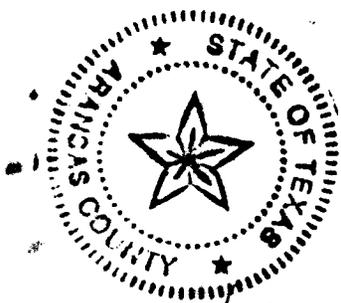
Motion was made by Councilman, Villa and seconded by Councilman Rios to adjourn the meeting for the City of Rockport.

Motion was made by Commissioner Smith and seconded by Commissioner Casterline to adjourn for Aransas County.

Meeting was adjourned at 11:25 a.m.



C. H. "BURT" MILLS, JR., COUNTY JUDGE



VALERIE K. AMASON,

EX-OFFICIO CLERK OF THE

COMMISSIONERS' COURT

THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

**INTERLOCAL COOPERATION AGREEMENT
CITY OF ROCKPORT and TOWN OF FULTON – ANIMAL CONTROL**

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS ("COUNTY"), the CITY OF ROCKPORT ("CITY"), and the TOWN OF FULTON ("TOWN"), each a political subdivision of the State of Texas, each acting by and through its duly elected officials, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements,

WHEREAS, the governing bodies of the COUNTY, CITY, and TOWN all wish to provide their residents with adequate animal control services; and

WHEREAS, COUNTY, CITY, and TOWN have determined that all three entities respectively benefit by performing the governmental functions and by funding the performance of governmental functions hereinafter described; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity;

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY, CITY, and TOWN agree to the following:

1. The Animal Shelter, located at 872 Airport Road, shall be operated in a manner that meets the State Department of Health standards. The Aransas County Judge will act as manager with COUNTY, CITY and TOWN furnishing technical assistance, in-kind labor, and other assistance. The Ordinances of COUNTY, CITY, and TOWN will be upheld.
2. COUNTY will operate the facility and provide animal control service for CITY and TOWN, as well as COUNTY. The Aransas County Judge will select COUNTY'S Animal Control Officer, and CITY and TOWN will designate that same person as its Animal Control Officer.
3. COUNTY Animal Control Services include, but are not limited to:
 - a) Responding to calls for service by residents of the COUNTY, CITY and TOWN, and
 - b) Providing traps to COUNTY, CITY and TOWN residents for the capture of stray animals.
4. The removal and proper disposal of dead animals from the public right-of-way shall be the responsibility of CITY and TOWN. The removal and proper disposal of dead animals from county roads shall be the responsibility of COUNTY.
5. A proposed budget will be prepared by the Aransas County Judge and furnished to CITY and TOWN no later than June 30, and CITY's and TOWN's input may be considered by COUNTY in its approval of the Animal Control Budget. The proposed budget shall include a narrative in sufficient detail to explain positive or negative differences between proposed line items and the line item amounts from the previous fiscal year. It shall also include field call percentages by jurisdiction.
6. Beginning in the first year of this Agreement, COUNTY will invoice CITY a monthly flat fee of

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\$8,550.00 and will invoice TOWN a monthly flat fee of \$2,750.00. Payment shall be made to Aransas County within 30 days from date of invoice. Flat fee adjustments for subsequent years will be based on the #5 above.

7. Any adjustment and re-invoicing of the cost of the operation for the period covered by this Agreement will be based upon the annual audit of Aransas County.

8. The contractual relationship created in this Agreement shall commence on January 1, 2016, and may terminate on December 31, 2016, if one party provides the other parties with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.

9. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change.

10. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless the parties are otherwise notified in writing by one of the other parties of an address or contact change:

CITY: City Manager 622 E. Market Street Rockport, TX 78382 COUNTY: County Judge 301 N. Live Oak Street Rockport, TX 78382

TOWN: Mayor P.O. Box 1130 Fulton, TX 78358

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other parties.

11. Requests from one party to another party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

12. This Agreement constitutes the entire Animal Control Interlocal Cooperation Agreement between COUNTY, CITY, and TOWN. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of all parties.

PASSED AND APPROVED BY ARANSAS COUNTY COMMISSIONERS COURT on the 25th of April, 2016.

ATTEST: ARANSAS COUNTY

VALERIE K. AMASON, COUNTY CLERK C.H. "BURT" MILLS, Jr., COUNTY JUDGE PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the of

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ATTEST:

CITY OF ROCKPORT

TERESA VALDEZ, CITY SECRETARY

CHARLES J. WAX, MAYOR

PASSED AND APPROVED BY FULTON TOWN COUNCIL on the _____ of _____, 2016.

ATTEST:

TOWN OF FULTON

JAN HILL, TOWN SECRETARY

JAMES KENDRICK, MAYOR

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THE STATE OF TEXAS
COUNTY OF ARANSAS

KNOW ALL BY THESE PRESENTS:

INTERLOCAL COOPERATION AGREEMENT
COUNTY, CITY, TOWN - COMMUNITY AQUATIC & SKATE PARK

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS ("COUNTY"), the CITY OF ROCKPORT ("CITY"), and the TOWN OF FULTON ("TOWN")...

WHEREAS, the governing bodies of the COUNTY, CITY, and TOWN all wish to provide local recreational programs and opportunities to benefit its residents; and

WHEREAS, there has been a broad and coordinated community effort through private donations, state agency funds, and tax dollars to develop and build our Community Aquatic & Skate Park with its year-round 8-lane competitive swimming pool with diving area, children's pool, bathhouse, modular skate park, picnic area, and playground ("POOL PROJECT"); and

WHEREAS, it is necessary to expend ongoing funds for the annual maintenance and operation thereof; and

WHEREAS, COUNTY, CITY, and TOWN all believe that a long-term financial commitment towards the annual maintenance and operation of the POOL PROJECT is in the best interest of the taxpayers and that all citizens—and their children—will benefit from such a commitment.

NOW, THEREFORE, COUNTY, CITY, and TOWN, in a show of their continued, long-term support and commitment to the POOL PROJECT, agree to the following:

- 1. COUNTY commits to a sum not to exceed thirty thousand dollars (\$30,000), payable at a rate of two thousand five hundred dollars (\$2,500.00) per month from current revenues, to be expended specifically on POOL PROJECT required maintenance and operation.
2. CITY commits to a sum not to exceed fifty-five thousand dollars (\$55,000), payable at a rate of four thousand five hundred eighty-three dollars and thirty-three cents (\$4,583.33) per month from current revenues, to be expended specifically on POOL PROJECT required maintenance and operation.
3. TOWN commits to a sum not to exceed seven thousand dollars (\$7,000), payable at five hundred eighty-three dollars and thirty-four cents (\$583.34) per month from current revenues, to be expended specifically on POOL PROJECT required maintenance and operation.
4. As current Executive Agent for POOL PROJECT, CITY will invoice COUNTY and TOWN monthly according to the above commitments and COUNTY and TOWN will pay CITY within 30 days after the date of invoice.
5. The Executive Agent shall keep financial and other sufficiently detailed records for POOL PROJECT and shall cause the POOL PROJECT to be included in the Executive Agent's annual audit. Such independent audit shall be classified as an operation expense and shall follow generally accepted accounting principles, the results of which shall be timely provided to COUNTY, CITY, and TOWN.

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6. The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other parties with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.

7. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change.

8. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless the parties are otherwise notified in writing by one of the other parties of an address or contact change:

<u>COUNTY:</u> County Judge	<u>CITY:</u> City Manager
<u>301 N. Live Oak Street</u>	<u>622 E. Market Street</u>
<u>Rockport, TX 78382</u>	<u>Rockport, TX 78382</u>

<u>TOWN:</u> Mayor
<u>P.O. Box 1130</u>
<u>Fulton, TX 78358</u>

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other parties.

9. Requests from one party to another party for information concerning this Agreement and the POOL PROJECT shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

10. This Agreement constitutes the entire Community Aquatic & Skate Park Interlocal Cooperation Agreement between COUNTY, CITY, and TOWN. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of all parties.

PASSED AND APPROVED by ARANSAS COUNTY COMMISSIONERS COURT on the 25th day of April, 2016.

ATTEST: ARANSAS COUNTY:

VALERIE K. AMASON, COUNTY CLERK C. H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED by ROCKPORT CITY COUNCIL on the _____ of _____, 2016.

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CITY OF ROCKPORT:

TERESA VALDEZ, CITY SECRETARY

CHARLES J. WAX, MAYOR

PASSED AND APPROVED by FULTON TOWN COUNCIL on the _____ of _____, 2016.

ATTEST:

TOWN OF FULTON:

JAN HILL, CITY SECRETARY

JAMES KENDRICK, MAYOR

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THE STATE OF TEXAS
COUNTY OF ARANSAS

KNOW ALL BY THESE PRESENTS:

INTERLOCAL COOPERATION AGREEMENT,
COUNTY, CITY, TOWN – DISPATCHING SERVICES

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS ("COUNTY"), the CITY OF ROCKPORT ("CITY"), and the TOWN OF FULTON ("TOWN"), each a political Subdivision of the State of Texas, each acting by and through its duly elected officials, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, the governing bodies of the COUNTY, CITY, and TOWN, agree to operate a joint dispatching service,

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY, CITY, and TOWN agree to the following:

- The Dispatching Services will include the dispatching of the Sheriff's Office, City Police Department, Town Police Department, Emergency Management, DPS, Fire, 911, Emergency Medical Services, Fulton Volunteer Fire Department, Fulton Compliance Officer, Rockport Volunteer Fire Department, Lamar Volunteer Fire Department, and all other calls, including all State Agencies, for public service which reach the Dispatch Service Center. It will also include the hiring, training, employment and, if necessary and advisable, termination of all Dispatch Service employees. It will also include reception services for the law enforcement bodies.
- The guidelines, policies and procedures for the operations of the Dispatching Services will be directed by a Dispatching Services Board (the Board) composed of the Sheriff, the City Police Chief, the Town Police Chief, and the President of Aransas County Emergency Corp. The Communications Center Administrator will be an ex-officio member of the Board. The Dispatching Services Board will meet as often as is required but no less than twice each calendar year. A Dispatching Services Board meeting can be called by any one of the four members. If the Board cannot reach a consensus, the issue in question will be referred to the County Judge, the City Mayor, and the Town Mayor for resolution.
- The annual budget will be constructed by the Communications Center Administrator, reviewed by the Dispatching Services Board, and then recommended to the City of Rockport, the Aransas County Commissioners Court, and the Town of Fulton Council, on or before July 15th of each calendar year for their review, revision if necessary, and approval. The budget will include all costs of Dispatching Services including staffing, supplies, equipment, furniture and software. Dispatching Services staff will be CITY employees and, as such, will be remunerated based on the payroll and benefits policies of CITY and required to comply with the personnel policies of CITY. The Dispatch Services will be centrally located at offices to be provided for Dispatch Service by the COUNTY, CITY, and TOWN.
- CITY will invoice COUNTY and TOWN on a monthly basis, in advance, their pro rata share of expenses based on the approved budget and each entity's history of law enforcement calls generated by jurisdiction for the 12 month period ending June 30th of the most current year. Likewise, COUNTY will invoice CITY and TOWN on a monthly basis their pro rata share of expenses for supplies, equipment, furniture, and software. Invoices shall be submitted by the 15th of each month with payment made within 30 days from the date of invoice.
- Any amendments to the budget during the budget calendar year must be approved by all three

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entities before any changes can be made to monthly billings.

6. The pro rata share distribution for 2016 is CITY 50.9%, COUNTY 41.2%, and TOWN 7.9%.

7. The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other parties with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.

8. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change:

9. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless the parties are otherwise notified in writing by one of the other parties of an address or contact change:

COUNTY: County Judge CITY: City Manager
301 N. Live Oak Street 622 E. Market Street
Rockport, TX 78382 Rockport, TX 78382

TOWN: Mayor
P.O. Box 1130
Fulton, TX 78358

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other parties.

10. Requests from one party to another party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

11. This Agreement constitutes the entire Dispatching Services Interlocal Cooperation Agreement between COUNTY, CITY, and TOWN. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of all parties.

PASSED AND APPROVED BY ARANSAS COUNTY COMMISSIONERS COURT on the 25th of April, 2016.

ATTEST: ARANSAS COUNTY:

VALERIE K. AMASON, COUNTY CLERK C.H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the _____ of _____ 2016.

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ATTEST: CITY OF ROCKPORT,

TERESA VALDEZ, CITY SECRETARY, CHARLES J. WAX, MAYOR

PASSED AND APPROVED BY FULTON TOWN COUNCIL on the of 2016

ATTEST: TOWN OF FULTON,

JAN HILL, TOWN SECRETARY, JAMES KENDRICK, MAYOR

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Approved by Fulton Town Council and signed the day of , 2015.

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THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

**INTERLOCAL COOPERATION AGREEMENT,
CITY OF ROCKPORT, JAIL SERVICES**

This INTERLOCAL COOPERATION AGREEMENT (the "Agreement") is made and entered into by and between the COUNTY OF ARANSAS, a political subdivision of the State of Texas, hereinafter called "COUNTY," acting by and through its duly elected and qualified County Judge, and the CITY OF ROCKPORT, a Home Rule City within Aransas County, Texas, hereinafter called "CITY," acting by and through its duly elected and qualified Mayor, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, it has been determined by the Commissioners Court of Aransas County, Texas, and the City Council of Rockport, Texas, that both COUNTY and CITY respectively benefit by performing the governmental functions and by funding the performance of governmental functions hereinafter described; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity;

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY and CITY agree to the following:

A. CONTRACTUAL RELATIONSHIP

- COUNTY will deliver and CITY will utilize and pay for the governmental functions and services described in this Agreement from their available current revenues. Notwithstanding provision C.3 (below), this agreement will terminate in the event sufficient funds are not appropriated by the Aransas County Commissioners' Court to meet COUNTY'S service obligations herein, or if sufficient funds are not appropriated by Rockport City Council to meet CITY'S fiscal obligations herein, in any given fiscal year. In such event, the terminating party agrees to give the non-terminating party sixty (60) days' written notice prior to such termination.
- The authority of each political subdivision to perform contractual service/s under this Agreement includes the authority to apply the rules, regulations, and ordinances of the political subdivision providing or utilizing and paying for the service/s of this Agreement.

B. JAIL AND DETENTION SERVICES

- During the existence of this contractual relationship, COUNTY shall maintain a detention facility (a jail) which will, as nearly as possible, conform to the physical and operational requirements of the State Commission on Jail Standards.
- COUNTY, through its agent, the Aransas County Sheriff, agrees to accept and admit into the Aransas County Detention Center ("JAIL") all persons arrested by CITY—except for persons determined to be medically unacceptable in accordance with the then current jail policy for Aransas County. Also, this agreement pertains only to persons arrested for offenses within the sole jurisdiction of the CITY Municipal Court. Persons incarcerated and detained for warrants or offenses beyond the jurisdiction of CITY Municipal Court (e.g. persons with Class C offenses under the jurisdiction of the Justice of the Peace or other jurisdictions, or who are brought in by the Town of Fulton, or who have Class B or higher offenses pending against them) shall not be considered CITY prisoners.

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The contractual relationship created in this Agreement shall commence on January 1, 2015, and may terminate on December 31, 2015, if one party provides the other party with a minimum of thirty (30) days' written notice of termination to the other party. ¶

Without delivery of such a timely written termination notice, however, this Agreement shall automatically renew for an additional one year period, each subsequent year, on January 1 of the then current year and end on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely. ¶

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3. CITY agrees to pay COUNTY a Daily [Daily is defined as a twenty-four (24) hour period that constitutes a calendar day] fee of fifty-five dollars (\$55.00) per inmate per day. The exception to this Daily fee, however, may be the fee charged for a prisoner on the day of their booking. CITY shall pay COUNTY a booking fee of forty dollars (\$40.00) for each of CITY's prisoners booked into JAIL after January 1, 2015. Such booking fee shall cover the cost of both booking and holding a prisoner for an initial period of up to six (6) hours—even if that initial period begins on one calendar day and ends on the next. If a prisoner remains incarcerated at the jail beyond six (6) hours from the time of their initial booking, though, and those six (6) hours all occur during a single calendar day, CITY agrees to pay COUNTY their regular Daily fee of fifty-five dollars (\$55.00) in lieu of the discounted forty dollar (\$40.00) rate for that inmate's first day. All subsequent days—or subsequent parts of days—will continue to be charged at the agreed upon Daily rate of fifty-five dollars (\$55.00) per inmate per day.
4. COUNTY will invoice CITY monthly for amounts due, and CITY will pay COUNTY's monthly invoice within thirty (30) days from the date of invoice.
5. COUNTY, through its agent, the Aransas County Sheriff, shall furnish medical services to CITY prisoners pursuant to the COUNTY's Health Services Plan document on file with the Texas Commission on Jail Standards. However, if and when a CITY prisoner receives or is receiving urgent care or other needed medical care or treatment that is beyond the scope of the basic health services provided under the filed plan document, Jail Management shall give timely verbal notice to the City Police Chief or, in the absence of the City Police Chief, to the City Manager, to alert them to the medical care and treatment. If neither person is available, such notice shall be given to the City/County Dispatcher on duty. Unless a CITY prisoner is released on bond prior to receiving COUNTY-provided medical care and treatment, CITY agrees to reimburse COUNTY for reasonable expenses incurred for such medical care.
6. It is specifically agreed that the County's jail facilities shall remain under the control of the Commissioners' Court of Aransas County, Texas, and that the Aransas County Sheriff shall possess and maintain statutory authority and responsibility to exercise full control over County jail operations. CITY shall have no control over the maintenance and operation of COUNTY'S jail facilities; CITY shall also have no control over the hiring, discharge, training, or utilization of jail personnel.
7. During a period of emergency, e.g.: in the event of an impending weather disaster, or in times of when the jail facility becomes overcrowded, or if other conditions arise which make it necessary for the Sheriff to restrict the number of prisoners placed within the facility, COUNTY, through its agent, the Aransas County Sheriff, may decline to imprison persons charged with a Class C misdemeanor in the CITY's Municipal Court.

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C. GENERAL PROVISIONS

1. The provisions of this contract shall be cumulative of all provisions of the statutes of the State of Texas and all provisions of the Charter and Ordinances of the City of Rockport, Texas. By the execution of this contract, neither COUNTY nor CITY waives, modifies, or effects the availability of the defense of governmental immunity to tort liability available to each of them under the laws of the State of Texas, and, insofar as CITY concerned, the City of Rockport, Texas Charter.
2. If any provision or part of this Agreement, for any reason, is deemed to be invalid, illegal, or unenforceable in any respect, all remaining provisions shall continue to be valid and binding upon the parties.
3. The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other party with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same

year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.

- 4. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change:

CITY: City Manager	COUNTY: County Judge
622 E. Market Street	301 N. Live Oak Street
Rockport, TX 78382	Rockport, TX 78382

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other party.

- 5. Requests from one party to the other party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

- 6. This Agreement constitutes the entire Jail Services Interlocal Cooperation Agreement between COUNTY and CITY. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of both COUNTY and CITY.

PASSED AND APPROVED by ARANSAS COUNTY COMMISSIONERS COURT on the 25th day of April 2016.

ATTEST: ARANSAS COUNTY

VALERIE K. AMASON, COUNTY CLERK C.H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the of 2016.

ATTEST: CITY OF ROCKPORT

TERESA VALDEZ, CITY SECRETARY CHARLES J. WAX, MAYOR

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Notary Public, State of Texas¶

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THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

INTERLOCAL COOPERATION AGREEMENT
CITY OF ROCKPORT, TOWN OF FULTON, and ACISD – JUVENILE CASE MANAGER

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS ("COUNTY"), the CITY OF ROCKPORT ("CITY"), the TOWN OF FULTON ("TOWN"), and ARANSAS COUNTY INDEPENDENT SCHOOL DISTRICT ("DISTRICT"), each a political subdivision of the State of Texas, each acting by and through its duly elected officials, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, the governing bodies of COUNTY, CITY, TOWN, and DISTRICT all wish to provide the services of a Juvenile Case Manager for their respective jurisdictions and have determined that it would be in the best interest of all four entities to work together to provide and fund these services; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity;

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY, CITY, TOWN, and DISTRICT agree to the following:

- The parties hereto mutually agree to fund a Juvenile Case Manager and an office in an amount not to exceed \$50,000 annually.
- The annual expense of the Juvenile Case Manager and office shall be borne between the parties as follows:

COUNTY: 30% of the total not to exceed \$15,000 CITY: 30% of the total not to exceed \$15,000
TOWN: 10% of the total not to exceed \$5,000 DISTRICT: 30% of the total not to exceed \$15,000

COUNTY will invoice the other parties monthly for the actual expense incurred and owed, and payment will be due 30 days after date of invoice. Each party certifies that current funds are available for payments.

- The Juvenile Case Manager shall be an employee of COUNTY but shall also serve the needs of CITY's Municipal Court System, TOWN, and DISTRICT pertaining to juveniles.
- The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other parties with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.
- All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change:

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CITY: City Manager
 622 E. Market Street
 Rockport, TX 78382

COUNTY: County Judge
 301 N. Live Oak Street
 Rockport, TX 78382

TOWN: Mayor
 P.O. Box 1130
 Fulton, TX 78358

ACISD: School Board President
 P.O. Box 907
 Rockport, TX 78381

6. Requests from one party to another party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

7. This Agreement constitutes the entire Juvenile Case Manager Interlocal Cooperation Agreement between COUNTY, CITY, and TOWN. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of all parties.

PASSED AND APPROVED BY ARANSAS COUNTY COMMISSIONERS COURT on the 25th of April, 2016.

ATTEST: **ARANSAS COUNTY:**

 VALERIE K. AMASON, COUNTY CLERK

 C.H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the _____ of _____ 2016.

ATTEST: **CITY OF ROCKPORT:**

 TERESA VALDEZ, CITY SECRETARY

 CHARLES J. WAX, MAYOR

PASSED AND APPROVED BY FULTON TOWN COUNCIL on the _____ of _____ 2016.

ATTEST: **TOWN OF FULTON:**

 JAN HILL, TOWN SECRETARY

 JAMES KENDRICK, MAYOR

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PASSED AND APPROVED BY ACISD SCHOOL BOARD on the _____ of _____, 2016.

ATTEST: _____ ACISD: _____

JUNE ANNE ASHLEY, SECRETARY JACK WRIGHT, BOARD PRESIDENT

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INDEPENDENT SCHOOL DISTRICT:
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THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

**INTERLOCAL COOPERATION AGREEMENT
CITY OF ROCKPORT, RESTAURANT HEALTH INSPECTION SERVICES**

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS, a political subdivision of the State of Texas, hereinafter called "COUNTY," acting by and through its duly elected and qualified County Judge, and the CITY OF ROCKPORT, a Home Rule City within Aransas County, Texas, hereinafter called "CITY," acting by and through its duly elected and qualified Mayor, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, it has been determined by the Commissioners Court of Aransas County, Texas, and the City Council of Rockport, Texas, that both COUNTY and CITY respectively benefit by performing the governmental functions and by funding the performance of governmental functions hereinafter described; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity; and

WHEREAS, Section 121.003(b), Texas Health and Safety Code, authorizes Interlocal Cooperation Agreements in accordance with Article 791.001 et seq. V.T.C.A. Government Code between Cities and Counties to provide health related services; and

WHEREAS, COUNTY and CITY desire to enter into an agreement to allow COUNTY to provide the health related services and to charge recipients of the services for said services (by establishing a permitting and fee system where appropriate);

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY and CITY agree to the following:

- CITY authorizes COUNTY to act as its representative and regulatory authority in all commercial and non-commercial food service operations and to assist in communicable disease investigation.
- COUNTY agrees to act as CITY's authorized representative and regulatory authority in all commercial and non-commercial food service operations and to assist in communicable disease investigation. COUNTY agrees to charge recipients of the services in an amount authorized by the Commissioners Court of COUNTY and to be responsible for the collection of charges (and issuance of permits).
- The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other party with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.
- All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change:

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CITY: City Manager COUNTY: County Judge
 622 E. Market Street 301 N. Live Oak Street
 Rockport, TX 78382 Rockport, TX 78382

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other party.

5. Requests from one party to the other party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

6. This Agreement constitutes the entire Restaurant Health Inspection Services Interlocal Cooperation Agreement between COUNTY and CITY. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of both COUNTY and CITY.

PASSED AND APPROVED BY ARANSAS COUNTY COMMISSIONERS COURT on the 25th of April, 2016.

ATTEST: _____ ARANSAS COUNTY

 VALERIE K. AMASON, COUNTY CLERK C.H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the of _____, 2016.

ATTEST: _____ CITY OF ROCKPORT

 TERESA VALDEZ, CITY SECRETARY CHARLES J. WAX, MAYOR

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THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

**INTERLOCAL COOPERATION AGREEMENT
CITY OF ROCKPORT – ROADS/DRAINAGE**

This INTERLOCAL COOPERATION AGREEMENT, ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS, a political subdivision of the State of Texas, hereinafter called "COUNTY," acting by and through its duly elected and qualified County Judge, and the CITY OF ROCKPORT, a Home Rule City within Aransas County, Texas, hereinafter called "CITY," acting by and through its duly elected and qualified Mayor, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, it has been determined by the Commissioners Court of Aransas County, Texas, and the City Council of Rockport, Texas, that both COUNTY and CITY respectively benefit by performing the governmental functions and by funding the performance of governmental functions hereinafter described; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity;

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY and CITY agree to the following:

- COUNTY agrees to provide personnel, equipment and materials for the purposes of construction, improvement, maintenance, and/or repair of any street, alley, parking or drainage within the corporate city limits of the City of Rockport, subject to the approval of the County Engineer and provisions set forth in the following sections of this Agreement.
- All charges for work approved and performed for CITY will be based on materials, equipment charges and labor, including overhead (payroll taxes, health insurance, retirement, etc.). Labor charges will be determined by personnel working on the job site documented by daily worksheets. The labor rate will be based on personnel salary at the time of work performed. All charges for material will be based on summaries documented by the daily worksheets. Loose material quantities will be based on estimated capacities of vehicles and number of loads hauled. Charges for material will be based on actual cost to COUNTY, whether delivered to the County Service Center at 1931 FM 2165 or directly to job site. Material charges will include any and all expenses associated with delivery to the designated site. Equipment charges will be based on hourly rates that will cover the costs of equipment over their useful life. It is COUNTY's intent that the total charges will reflect County costs as closely as possible. Fuel charges will be calculated by filling equipment prior to moving it to the designated job then refilling the equipment after it has left the job and computing the difference. The per-gallon price of the fuel will be based on the last delivered price to the Aransas County Service Center.
- CITY agrees to provide construction water at a convenient location at no charge to COUNTY, or will make arrangements with the local utility for the water if it is deemed necessary to provide the service requested by CITY.
- CITY will have the right to supplement labor, equipment or materials to offset project costs with the approval of the County Engineer.
- The parties intend that COUNTY, in performing such services, shall act as an independent contractor and shall have control of the work and the manner in which it is performed. During the performance of

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requested services CITY will be required to provide a responsible employee to verify performance, clarify ambiguities and act as intermediary to the public. COUNTY shall not be considered an agent, employee, or borrowed servant of CITY.

- 6. The parties further agree that such work will be performed in a workmanlike manner, but COUNTY grants no warranties of any kind to CITY or any third party.
- 7. During the term of this Agreement, work requests will only be received from an agent of CITY authorized by the City Manager. The request for work will be submitted to the County Engineer. The work request will be submitted in writing which will include the type, location, and time frame of the assistance requested pursuant to the conditions of this Agreement. It is expressly understood between the parties that COUNTY shall have no authority or obligation to provide any service or work on any City street, alley or property not so agreed to in writing. The County Engineer is authorized to sign an acceptance statement for each project at the appropriate time and authorize the work be completed subject to the work schedule of the County Road and Bridge Department. Any work requests that are supplemental to the original request will be accompanied by written follow-up documentation. Failure to furnish the required follow-up documentation will not eliminate CITY's obligation to provide payment for said supplemental services. The seal coat program will be completed by October 1 of each year.
- 8. To the extent authorized by law, the City of Rockport hereby agrees to assume the risk of, defend, hold harmless, and fully indemnify COUNTY, its officers, agents and employees from any and all loss damage, cost demands or causes of action of any nature or kind for loss or damage to property, or for injury or death to person, arising in any manner from the performance of the above referenced work.
- 9. All materials, services, and charges therefore shall be paid for from current resources available to the paying parties. COUNTY shall provide to CITY a monthly detailed report showing the work provided under this Agreement and the charges allocated for said work. Payment schedules for such work will be determined prior to start. The payments will be monthly or by project as agreed by County Engineer and the City Manager. Bills for completed work will be paid for by CITY within thirty (30) days of the date of billing.
- 10. Purchase of materials (excluding fuel) not associated with contract work done by COUNTY will be charged at cost plus 10% to offset handling, preparation, and administrative costs. Fuel purchases will be reimbursed for the actual number of gallons used. The price per gallon will be equal to the costs paid by Aransas COUNTY for the fuel plus 5cents/gallon facility charge.
- 11. COUNTY and CITY may further agree to work in a cooperative effort whereby from time to time labor, materials and maintenance equipment may be exchanged when mutually convenient for the COUNTY and CITY on an emergency basis. The charges assessed to COUNTY for said service will be reimbursed as outlined in the above Sections 1 through 9.
- 12. The contractual relationship created in this Agreement shall commence on January 1, 2016 and may terminate on December 31, 2016, if one party provides the other party with a minimum of sixty (60) days' written notice of termination to the other party. Without delivery of such a timely written termination notice, however, the Agreement shall automatically renew for an additional one (1) year period, each subsequent year, beginning on January 1 of the then-current year and ending on December 31 of the same year, under the same terms (adjusted by date only according to the then-applicable calendar year), with the same services and consideration, and may continue indefinitely.
- 13. All notices, communications, and reports under this Agreement must be mailed or delivered to the respective parties at the addresses shown below, unless one party is otherwise notified in writing by the other party of an address or contact change;

CITY: City Manager COUNTY: County Judge

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622 E. Market Street
Rockport, TX 78382

301 N. Live Oak Street
Rockport, TX 78382

It shall be the duty of each entity's representative to disseminate within their respective entity all notices, communications, and reports received from the other party.

14. Requests from one party to the other party for information concerning this Agreement shall be honored in a timely manner and shall not require the submission of a formal Public Information Act request for open records.

15. This Agreement constitutes the entire Roads/Drainage Interlocal Cooperation Agreement between COUNTY and CITY. No amendment, modification, or alteration of the terms herein shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by the governing bodies of both COUNTY and CITY.

PASSED AND APPROVED BY ARANSAS COUNTY COMMISSIONERS COURT on the 25th of April, 2016.

ATTEST:

ARANSAS COUNTY:

VALERIE K. AMASON, COUNTY CLERK

C.H. "BURT" MILLS, Jr., COUNTY JUDGE

PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the _____ of _____ of 2016.

ATTEST:

CITY OF ROCKPORT:

TERESA VALDEZ, CITY SECRETARY

CHARLES J. WAX, MAYOR

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THE STATE OF TEXAS §
COUNTY OF ARANSAS §

KNOW ALL BY THESE PRESENTS:

**INTERGOVERNMENTAL COOPERATION AGREEMENT
CITY OF ROCKPORT - SEPTIC SYSTEMS**

This INTERLOCAL COOPERATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF ARANSAS, a political subdivision of the State of Texas, hereinafter called "COUNTY," acting by and through its duly elected and qualified County Judge, and the CITY OF ROCKPORT, a Home Rule City within Aransas County, Texas, hereinafter called "CITY," acting by and through its duly elected and qualified Mayor, under the terms, authority, and provisions of Chapter 791 of the Government Code of the State of Texas, which authorizes such agreements.

WHEREAS, it has been determined by the Commissioners Court of Aransas County, Texas, and the City Council of Rockport, Texas, that both COUNTY and CITY respectively benefit by performing the governmental functions and by funding the performance of governmental functions hereinafter described; and

WHEREAS, the exchange of such governmental functions will result in increased efficiency and economy to the citizens of each such governmental entity;

NOW, THEREFORE, in consideration of the mutual covenants and agreements stated herein, COUNTY and CITY agree to the following:

A. OBLIGATIONS OF THE COUNTY

1. COUNTY shall inspect private septic systems within the CITY, including but not limited to, evaluating septic systems. Such inspections shall comply with all present or future laws pertaining to the inspection and approval of private septic sewer systems within the State of Texas, including minimum state standards and local codes.
2. In the conduct of this business, COUNTY shall enforce rules and regulations, including fees.
3. COUNTY shall furnish all necessary equipment, supplies, materials, and personnel necessary to carry out its obligations under the terms of this Agreement and in accordance with any and all applicable federal, state, and local laws.
4. COUNTY will be responsible for maintaining any and all necessary insurance to cover damage to property and any personal injuries, which may result from the performance of COUNTY or its employees under the terms of this Agreement.

B. OBLIGATIONS OF THE CITY OF ROCKPORT

1. CITY will be responsible for assuring that permits are obtained from COUNTY as COUNTY requires, and that subsequent permits given by CITY for construction are not be issued until permits are first secured from COUNTY.
2. CITY agrees that permit fees will be in accordance with COUNTY's current fee schedule at the time of permit application.

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PASSED AND APPROVED BY ROCKPORT CITY COUNCIL on the _____ of _____ 2016.

ATTEST: _____ CITY OF ROCKPORT

TERESA VALDEZ, CITY SECRETARY _____ CHARLES J. WAX, MAYOR

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For and in reliance on the promises, covenants, and agreements contained herein, we execute this Agreement this _____ day of _____, 2011.

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