

CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

Vicki McKenzie, Mayor Pro Tem
Position 3 At-Large
Bert Lyle, Position 1 At-Large
Karen Denman, Position 2 At-Large
Pat Graham, Position 4 At-Large



Tore Fossum, Ward 1
Casey Cox, Ward 2
Anissa Antwine, Ward 3
Jon Strong, Ward 4

HUNTSVILLE CITY COUNCIL AGENDA

TUESDAY, MAY 20, 2025

WORKSHOP 5:00 P.M. - Main Conference Room

REGULAR SESSION 6:00 P.M. - Main Conference Room

City of Huntsville Service Center Complex, 448 Highway 75 N, Huntsville, Texas, 77320

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

WORKSHOP (5:00 p.m.)

- a.** Receive a presentation on the State PACE (Property Assessed Clean Energy) Program.
Sam Masiel, Assistant City Manager
- b.** Receive a presentation update on the City Hall project.
Sam Masiel, Assistant City Manager
Lance Hall, Finance Director

DISCUSSION

MAIN SESSION (6:00 p.m.)

CALL TO ORDER

INVOCATION AND PLEDGES - *U.S. Flag and Texas Flag:* *Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.* Test

PROCLAMATION

- a.** Proclamation No. 2025-08 Public Works Week
Russell Humphrey, Mayor
- b.** Proclamation No. 2025-09 ALS Awareness Month
Russell Humphrey, Mayor
- c.** Proclamation No. 2025-10 National Police Week
Russell Humphrey, Mayor

PRESENTATIONS

PUBLIC HEARING

1. CONSENT AGENDA

The presiding officer will call for public comments before action is taken on these items. *(Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.)*

- a. Consider approving the Minutes from the May 6, 2025, Regular City Council Meeting.
Kristy Doll, City Secretary
- b. Consider approving the Minutes from the May 14, 2025, Special City Council Meeting.
Kristy Doll, City Secretary
- c. Consider adopting Resolution 2025-15 to authorize City staff as “Authorized Representatives” for the City’s TexPool accounts.
Lance Hall, Finance Director
- d. Consider authorizing the City Manager to enter into an Administrative Services Agreement with TX Health Benefits Pool.
Brian Beasley, HR Director

2. STATUTORY AGENDA

- a. Consider adopting Resolution 2025-16, Intent to establish a Property Assessed Clean Energy (PACE) Program in Huntsville.
Sam Masiel, Assistant City Manager

3. CITY COUNCIL/MAYOR/CITY MANAGER

4. MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA

5. ITEMS OF COMMUNITY INTEREST

6. EXECUTIVE SESSION

- a. City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, or duties of a public officer or employee: City Manager.
Scott Swigert, City Manager

7. RECONVENE

Take action on item discussed in executive session, if needed.

ADJOURNMENT

*If during the course of the meeting and discussion of any items covered by this notice, City Council determines that a Closed or Executive session of the Council is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 – consultation with counsel on legal matters; 551.072 – deliberation regarding purchase, exchange, lease or value of real property; 551.073 – deliberation regarding a prospective gift; 551.074 – personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; 551.076 – implementation of security personnel or devices; 551.087 – deliberation regarding economic development negotiation; Sec. 551.089 - deliberation regarding security devices or security audits; and/or other matters as authorized under the Texas Government Code. If a Closed or Executive session is held in accordance with the Texas Government Code as set out above, the City Council will reconvene in Open Session to take action, if necessary, on the items addressed during Executive Session.

CERTIFICATE

I, Kristy Doll, City Secretary, do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City’s website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: May 16, 2025

TIME OF POSTING: 12:15 p.m.

TAKEN DOWN:

Kristy Doll

Kristy Doll, City Secretary



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: a.

Agenda Item: Receive a presentation on the State PACE (Property Assessed Clean Energy) Program.

Initiating Department/Presenter: City Manager

Presenter:

Sam Masiel, Assistant City Manager

Recommended Motion: Discussion only.

Strategic Initiative: Strategic Priority #2: Economic Development

Discussion: Representatives from Lone Star PACE will present information on the State PACE Program and the benefits it can provide to the City of Huntsville.

Previous Council Action:

Financial Implications:

Approvals:

Sam Masiel

Scott Swigert

Associated Information:

1. 05.20.2025 Lone Star PACE Presentation

2025



The Lone Star PACE Difference

COST EFFECTIVE, EXPERIENCED, AND COMMUNITY FOCUSED



Lone Star PACE Is A Program Administrator For Local Governments Implementing Property Assessed Clean Energy (“PACE”) Financing.

■ **Lone Star PACE Principals**

- Program Administrator for Governmental Programs that Financed \$35 Billion in Public Benefit Projects Nationwide
- Registered Municipal Advisors with oversight by the Securities & Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB)
- More than 1,100 transactions completed to date Nationwide
- Over \$1.5 Billion of Environmental Projects Financed in 40+ Texas Cities/Counties

■ **Current PACE Programs Administered by Lone Star PACE**

- Cities: Alvin, Burleson, Cleburne, Decatur, Forney, Kaufman, Rockwall
- Counties: Collin, Dallas, Denton, Fort Bend, Freestone, Galveston, Harris, Haskell, Hays, Jefferson, Kaufman, Smith, Throckmorton and Wichita

“A 12W LED light bulb produces the same amount of light as a traditional 60W Incandescent light bulb while saving 75%-80% on energy costs and lasts 25X longer.”

LONE STAR PACE OVERVIEW



LONE ★ STAR
— PACE —



Administer current
PACE projects



Expand the reach and
accessibility of PACE projects
throughout the State of Texas



Educate and train
stakeholders about PACE



Facilitate future
PACE-funded projects

"For a typical office building, energy represents 30 percent of the variable costs and constitutes the single largest controllable operating cost."

- National Action Plan for Energy Efficiency



WHAT IS PACE?

PACE is low-cost, long-term financing for energy-efficient and water conservation upgrades to commercial buildings secured by a voluntary assessment lien on the property.

- Financing aligns utility bill savings with the cost of upgrades
- Property owners enter into a voluntary property assessment
- 100% project financing of qualified improvements with extended terms
- Assessments are paid over the useful life of the improvements

"For a typical office building, energy represents 30 percent of the variable costs and constitutes the single largest controllable operating cost."

- National Action Plan for Energy Efficiency



TYPES OF PACE PROJECTS

PACE is eligible for new construction or upgrades to existing properties that are leased or owner-occupied.

- Multi-Family Housing (5 or more units)
- Hospitality
- Industrial
- Commercial / Office
- Retail

Note: Governmental and residential properties do not qualify.

"Even if your air conditioner is only 10 years old, you may save 20% to 40% of your cooling energy costs by replacing it with a newer, more efficient model."

- Energy.gov



Energy Efficiency

- HVAC
- LED Lighting
- Water Heating Systems
- Building Enclosure Improvements
- Combustion and Burner Upgrades
- Automated Energy Management Controls

Water Conservation

- Low-Flow Fixtures

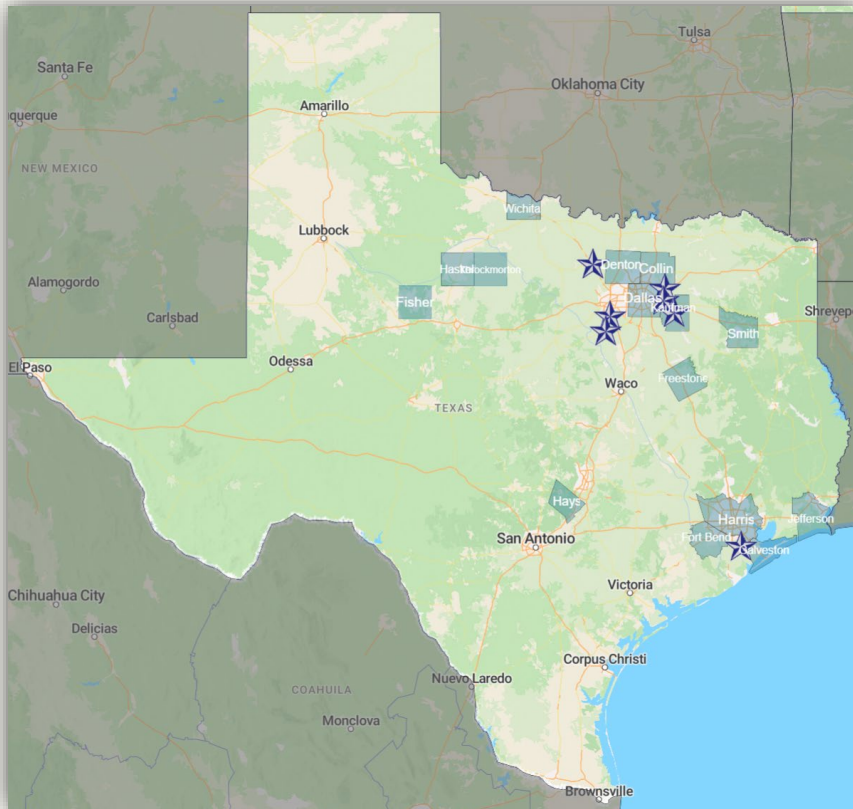
Renewable Energy

- Solar Panels

“The choices a company makes about its energy sourcing and consumption can profoundly influence its cost structure.”

-Harvard Business Review

WHERE IS LONE STAR PACE IN TEXAS?

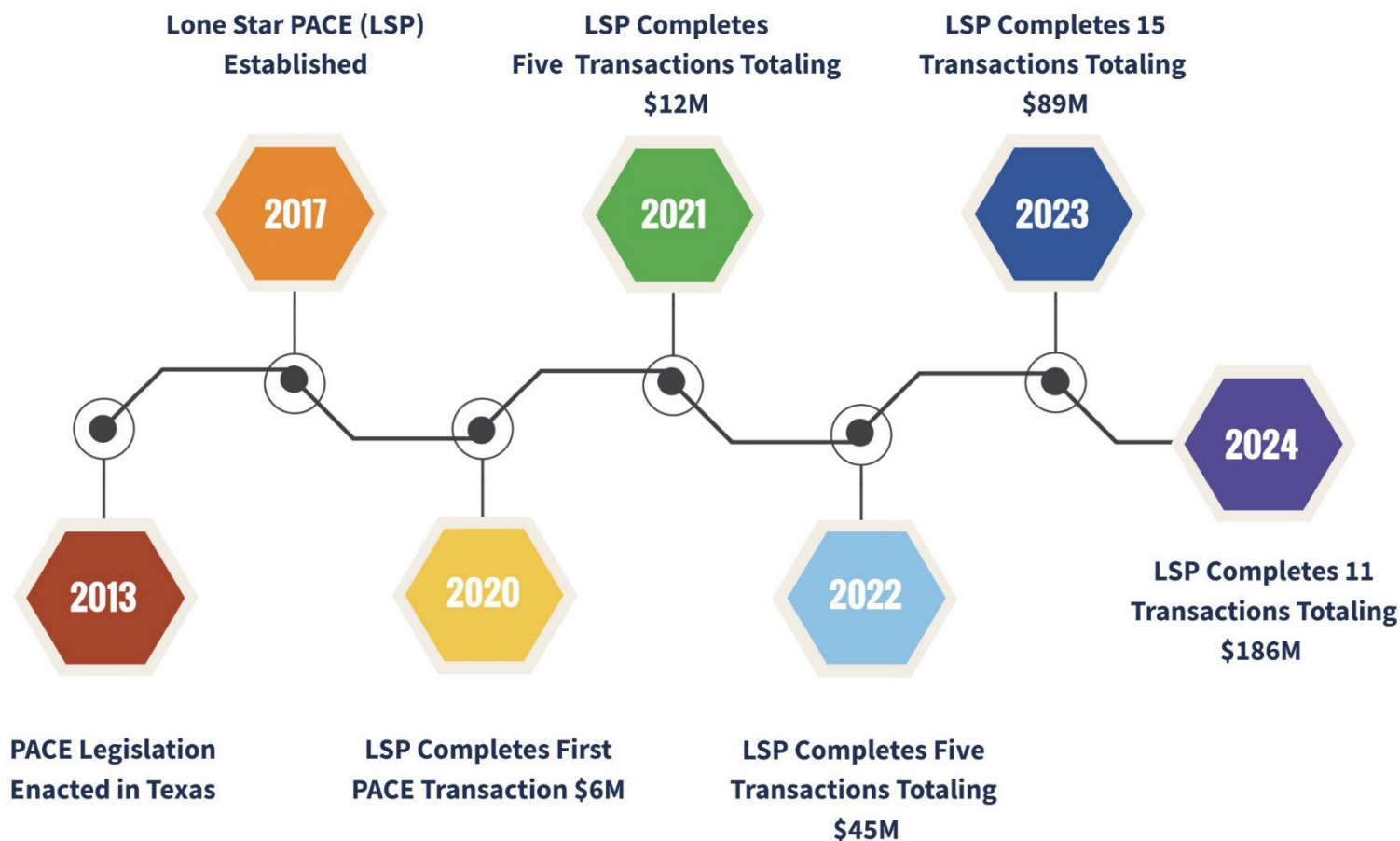


- Alvin (City)
- Burleson (City)+
- Cleburne (City)
- Collin County
- Dallas County*
- Decatur (City)
- Denton County
- Forney (City)
- Fort Bend County*
- Freestone County
- Galveston County*
- Harris County+
- Haskell County
- Hays County*
- Jefferson County*
- Kaufman (City)
- Kaufman County
- Rockwall (City)
- Smith County*
- Throckmorton County
- Wichita County

* County utilizes two PACE Program Administrators
+ One administrator at the city level and other at county level.

“Reducing Air Leaks Can Save Up to 20% of a Home’s Energy Use .”

– Payless Power



*In 2023, the U.S. commercial sector used 16.1 quadrillion British thermal units, a 52% increase from 1980.
- University of Michigan Center for Sustainable Systems*

2024 PROJECT BREAKDOWN

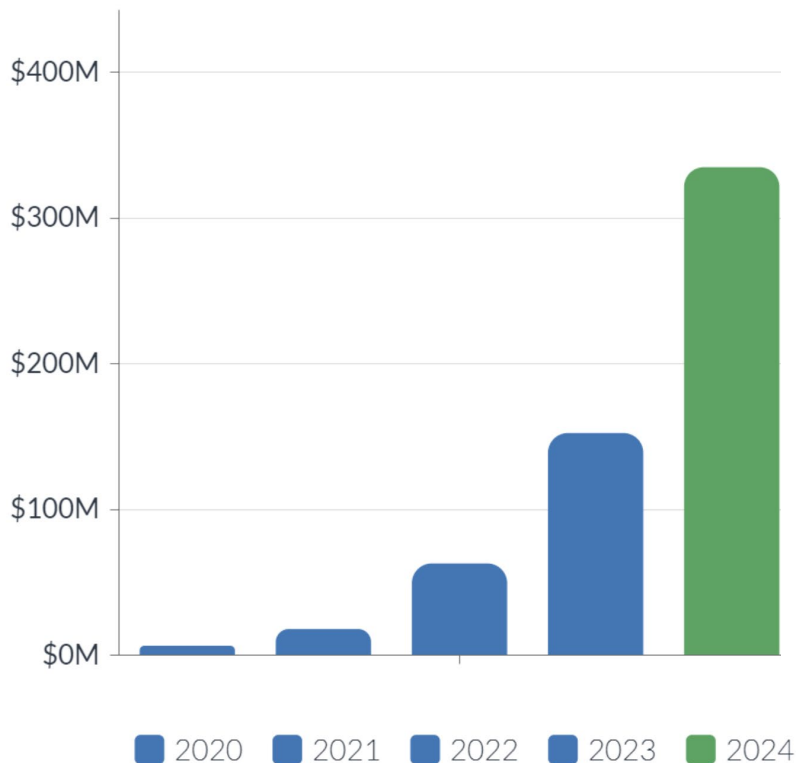


"While our energy efficiency is improving, there is a very high correlation, almost near perfect correlation, between GDP growth and energy usage."

- Malcom Turnbull

Cumulative and Project Type

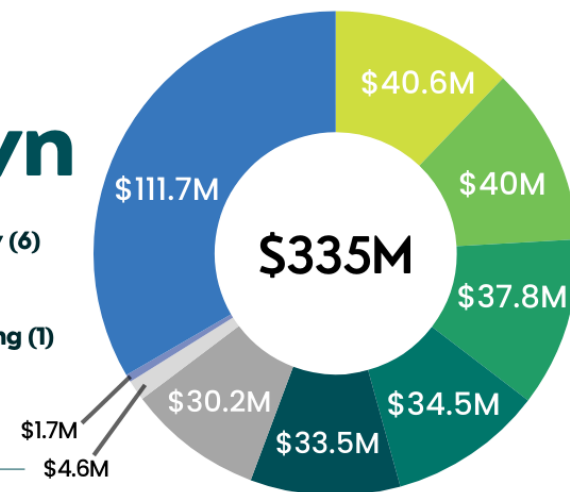
CUMULATIVE VOLUME



Project Breakdown

- Hospitality (9)
- Retail (3)
- Data Center (1)
- Industrial (10)
- Mixed-Use (3)
- Multifamily (6)
- Office (4)
- Senior Living (1)
- Solar (1)

Projects are a mix of new developments, renovations/retrofits and retroactive financing.

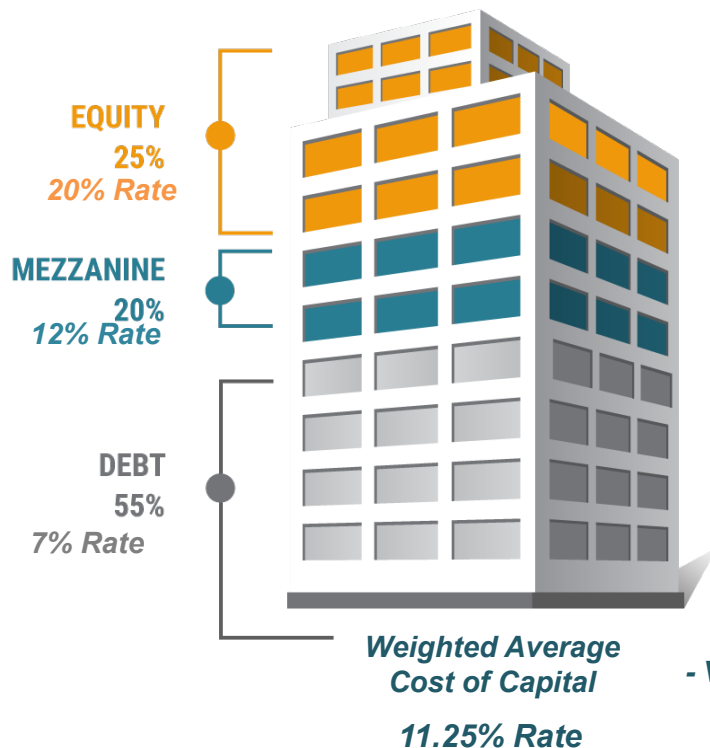


"While our energy efficiency is improving, there is a very high correlation, almost near perfect correlation, between GDP growth and energy usage."

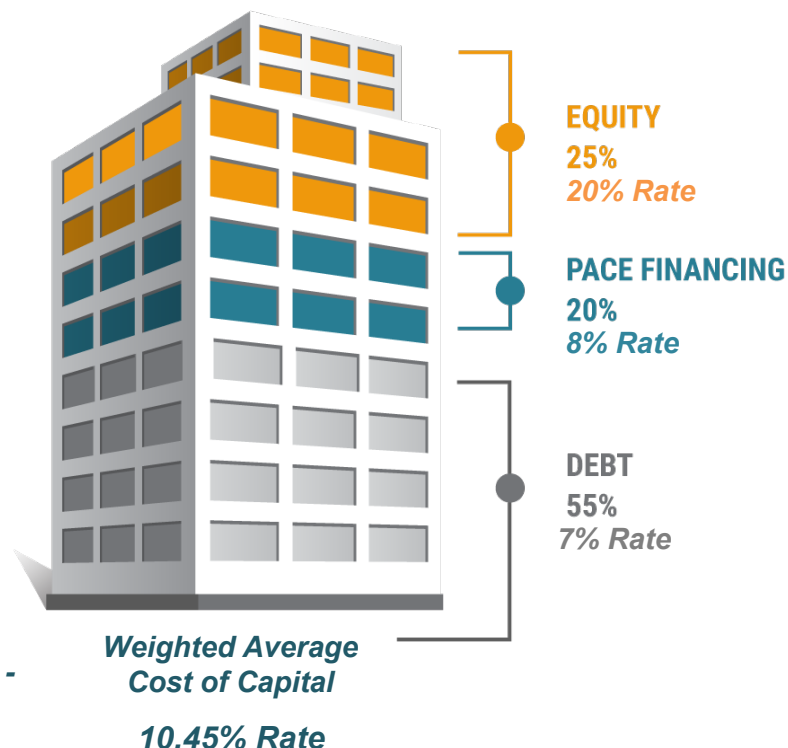
- Malcom Turnbull

PACE INTEREST RATE COMPARISON

CONVENTIONAL DEBT/EQUITY



PACE FINANCING



- VS -

“Drip irrigation systems can result in water savings of 30 to 65 percent compared to traditional systems.”

– Irrigation Green Industry



Harris County - 2024 Projects

THOMPSON HOTEL & RETAIL

Date of Assessment	May 31, 2024
PACE Municipality	Harris County
PACE Assessment	\$46.63M
Project	Hospitality and Retail
Improvements	Building Envelope, Heating, Ventilation, Air Conditioning, Plumbing, Domestic Hot Water, Lighting Systems & Controls
Utility Savings	951,214 kWh/yr (15% reduction), 1,604 kgal/yr (66% reduction)
Estimated Jobs Created	466



Equivalent to
offsetting the energy
used by 74
average Texas homes/yr



Equivalent to reducing
12,190,400
water bottles/yr

Source: U.S. Energy Information Administration.



ViVa Center - Harris County

Date of Assessment	September 9, 2024
PACE Municipality	Harris County
PACE Assessment	\$40M
Project	775K SF data center retrofit
Improvements	Envelope, Electrical/Lighting, HVAC, Plumbing and Water Conservation
Utility Savings	4,742,518 kWh/yr (11% reduction), 156 kgal/yr (69% reduction)



Equivalent to
offsetting the
energy used
by **43**
average Texas homes/yr



Equivalent
to reducing
2,638,462
water bottles/yr

Source: U.S. Energy Information
Administration





Dallas County - 2023 Projects

BIOLABS PEGASUS PARK

Date of Assessment	October 4, 2023
PACE Municipality	Dallas County
PACE Assessment	\$11.3M
Project	Biotechnology
Improvements	Envelope, Electrical Lighting, HVAC, and Plumbing
Utility Savings	1,733,575 kWh/yr (25% reduction), 222 kgal/yr (79% reduction)
Estimated Jobs Created	113



Equivalent to
offsetting the
energy used
by **123**
average Texas homes/yr



Equivalent
to reducing
1,680,540
water bottles/yr

Source: U.S. Energy Information
Administration



Dallas County - 2022 Projects

RIVER EDGE AND THIRTEEN THIRTY

Date of Assessment	December 23, 2022
PACE Municipality	Dallas County
PACE Assessment	\$28.33M
Project	Office
Improvements	Building Envelope, Heating, Ventilation, Air Conditioning, Plumbing, Lighting Systems & Controls
Utility Savings	483,733 kWh/yr (10% reduction), 404 kgal/yr (34% reduction)
Estimated Jobs Created	282



Equivalent to offsetting
the energy used by
37 average Texas homes/yr



Equivalent to reducing
3,070,400
water bottles/yr

Source: U.S. Energy Information Administration





Galveston County - 2022 Projects

PROVEER AT SOUTH SHORE

Date of Assessment	December 29, 2022
PACE Municipality	Galveston County
PACE Assessment	\$4.58M
Project	Independent Living
Improvements	Envelope, Lighting, HVAC, Plumbing
Utility Savings	2,053,512 kWh/yr (42% reduction), 159 kgal/yr (33% reduction)
Estimated Jobs Created	45



Equivalent to
offsetting the
energy used
by **156**
average Texas homes/yr



Equivalent
to reducing
1,208,400
water bottles/yr

Source: U.S. Energy Information
Administration





BENEFITS TO LOCAL GOVERNMENT:

- Encourage Energy and Water Conservation
- Promotes Economic Development
- Upgrades Existing Building Stock
- Improves Property Values
- No Cost to Implement
- Completely Voluntary Agreement

BENEFITS TO COMMERCIAL PROPERTY OWNERS:

- Immediate Cash Flow
- No Down Payment
- Long Term Funding
- Increased Property Value
- Non-Recourse

“If the energy efficiency of commercial and industrial buildings improved by 10 percent, the collected savings would be \$40 billion.”

– U.S. Department of Energy



BENEFITS TO LOCAL GOVERNMENT:

- Promotes Economic Development
- No Cost to Implement
- Encourage Energy and Water Conservation
- Completely Voluntary Agreement

“A 12W LED light bulb produces the same amount of light as a traditional 60W Incandescent light bulb while saving 75%-80% on energy costs and lasts 25X longer.”

– Energy.Gov



STEPS FOR LOCAL GOVERNMENT TO IMPLEMENT PACE

■ Meeting #1:

1. Approve a Resolution of Intent
2. Then Publish a PACE Program Report on Website

■ Meeting #2:

1. Hold a Public Hearing
2. Approve a Resolution Establishing a PACE Program
3. Approve Program Administrator Services Agreement

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– Energy.Gov



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(214) 256-3209 | info@lonestarpace.com

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– Energy.Gov



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: b.

Agenda Item: Receive a presentation update on the City Hall project.

Initiating Department/Presenter: City Manager

Presenter:

Sam Masiel, Assistant City Manager

Lance Hall, Finance Director

Recommended Motion: Discussion only.

Strategic Initiative: Strategic Priority #4: Infrastructure

Discussion: Representatives from Randall Scott Architects and Christensen Building Group will present an update on the construction of the new City Hall.

Previous Council Action:

Financial Implications:

Approvals:

Scott Swigert

Sam Masiel

Associated Information:



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: a.

Agenda Item: Proclamation No. 2025-08 Public Works Week

Initiating Department/Presenter: City Council

Presenter:

Russell Humphrey, Mayor

Recommended Motion: Not applicable

Strategic Initiative: Strategic Priority #3, Quality of Life – Establish an environment where citizens can thrive and enjoy the city in which they live. Provide services that enhance the quality of life for all, with focus on the full life cycle (children, students, families, and retirees) - by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: b.

Agenda Item: Proclamation No. 2025-09 ALS Awareness Month

Initiating Department/Presenter: City Council

Presenter:
Russell Humphrey, Mayor

Recommended Motion: Not applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: c.

Agenda Item: Proclamation No. 2025-10 National Police Week

Initiating Department/Presenter: City Council

Presenter:
Russell Humphrey, Mayor

Recommended Motion: Not applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 1.a.

Agenda Item: Consider approving the Minutes from the May 6, 2025, Regular City Council Meeting.

Initiating Department/Presenter: City Secretary

Presenter:

Kristy Doll, City Secretary

Recommended Motion: Move to approve the Minutes from the May 6, 2025, Regular City Council Meeting.

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:

1. City Council Meeting Minutes 5-6-2025

MINUTES FROM THE HUNTSVILLE CITY COUNCIL REGULAR MEETING HELD ON THE 6TH DAY OF MAY 2025 AT 6:00 P.M. AT THE CITY OF HUNTSVILLE SERVICE CENTER COMPLEX, LOCATED AT 448 HIGHWAY 75, IN THE CITY OF HUNTSVILLE, WALKER COUNTY, TEXAS.

The City Council met in a workshop and regular session with the following:

COUNCILMEMBERS PRESENT: Mayor Humphrey, Mayor Pro Tem McKenzie, Councilmember At-Large Position 1 Lyle, Councilmember Ward 1 Fossum, Councilmember At-Large Position 2 Denman, Councilmember Ward 2 Cox, Councilmember At-Large Position 4 Graham, Councilmember Ward 4 Strong

COUNCILMEMBERS ABSENT: Councilmember Ward 3 Antwine

OFFICERS PRESENT: Scott Swigert, City Manager; Kristy Doll, City Secretary; Leonard Schneider, City Attorney

OFFICERS ABSENT:

WORKSHOP (5:00-6:00 p.m.)

Mayor Humphrey called the workshop to order at 5:00 p.m.

DISCUSSION

- a. **Receive a presentation from the Trinity River Authority on Bond Resolution.**
Kathlie Jeng-Bulloch, City Engineer

Councilmember Antwine arrived at 5:36 p.m.

- b. **Receive a presentation from the Downtown Business Alliance on sustainability of downtown.**
Bert Lyle, Councilmember At-Large Position 1
Karen Denman, Councilmember At-Large Position 2
Vicki McKenzie, Councilmember At-Large Position 3

MAIN SESSION CALL TO ORDER

Mayor Humphrey called the meeting to order at 6:02 p.m.

INVOCATION AND PLEDGES - *U.S. Flag and Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

Councilmember Lyle gave the invocation and pledges were led by Mayor Humphrey.

PROCLAMATIONS

- a. **Proclamation No. 2025-06 Huntsville Fire Department's 100th Anniversary.**
Russell Humphrey, Mayor
- b. **Proclamation No. 2025-07 National Travel & Tourism Week May 4-10, 2025.**
Russell Humphrey, Mayor

PRESENTATION

- a. **Recognition of the SHSU Student Government Association volunteers and their efforts during their Day of Service on Saturday, April 12, 2025.**
Penny Joiner, Director of Parks and Leisure

1. CONSENT AGENDA

The presiding officer will call for public comments before action is taken on these items. *(Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.)*

- a. Consider approving Minutes from the April 15, 2025, Regular City Council Meeting.

Kristy Doll, City Secretary

- b. Consider adoption of Ordinance 2025-13 to amend the budget for FY 24-25 and/or CIP Project budgets.

Lance Hall, Finance Director

Consent Agenda Item 1.b. was moved from the Consent Agenda to the Statutory Agenda for consideration.

- c. Consider authorizing the City Manager to award a contract for the Exterior Rehab of the Three Million Gallon Ground Storage Tank.

Brent Sherrod, Public Works Director

Councilmember Vicki McKenzie made a motion to approve Consent Agenda Items a. and c. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None.

2. STATUTORY AGENDA

- 1.b. Consider adoption of Ordinance 2025-13 to amend the budget for FY 24-25 and/or CIP Project budgets.

Lance Hall, Finance Director

Councilmember Jon Strong made a motion to adopt Ordinance 2025-13 to amend the budget for FY 24-25 and/or CIP Project budgets. The motion was seconded by Councilmember Pat Graham. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None.

- a. Consider approving Resolution 2025 -14, approving a bond resolution of the Trinity River Authority.

Scott Swigert, City Manager

Lance Hall, Assistant Finance Director

Councilmember Vicki McKenzie made a motion to approve Resolution 2025-14, approving a bond resolution of the Trinity River Authority for the issuance of bonds for improvements to the Huntsville Regional Water Supply System, approving and authorizing instruments and procedures relating thereto in the aggregate principal amount of not to exceed \$9,655,000. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None.

- b. Consider authorizing the City Manager and City staff to work on a public improvement agreement with Christmas Village, allowing city participation in an amount not to exceed \$121,000, and authorizing the City Manager to execute the agreement contingent on receiving approved construction drawings and upon City Attorney review and approval.

Kathlie Jeng-Bullock, City Engineer

Councilmember Vicki McKenzie made a motion to authorize the City Manager and City staff to work on a public improvement agreement with Christmas Village and allow city participation in an amount not to exceed

\$121,000 for waterline improvements and authorize the City Manager to execute the agreement contingent on receiving approved construction drawings and upon City Attorney review and approval. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

c. Consider entering into an Interlocal Agreement with Walker County to share in preliminary engineering costs associated with the TxDOT Transportation Alternative Grant for the proposed project on University Avenue.

Sam Masiel, Assistant City Manager

Councilmember Vicki McKenzie made a motion to authorize the City Manager to enter into an interlocal agreement with Walker County, Texas, for shared engineering costs in the amount of \$11,377.50, related to the 2025 TxDOT Transportation Alternative Grant for the proposed project on University Avenue. The motion was seconded by Councilmember Pat Graham. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

d. First Reading - Consider authorizing the City Manager to award the purchase of Street Milling/Overlay Services, Street Reconstruction, and Thermoplastic Pavement Striping.

Brent Sherrod, Public Works Director

Councilmember Vicki McKenzie made a motion to waive the two-reading requirement and authorize the City Manager to award the purchase of street milling/overlay/reconstruction/pavement striping services to Larry Young Paving for \$2,361,592.00. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

3. CITY COUNCIL/MAYOR/CITY MANAGER

4. MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA

5. ITEMS OF COMMUNITY INTEREST

Councilmembers announced Items of Community Interest.

ADJOURNMENT

Mayor Humphrey adjourned the meeting without objection at 6:33 p.m.

ATTEST:

CITY OF HUNTSVILLE

Kristy Doll, City Secretary

Russell Humphrey, Mayor



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 1.b.

Agenda Item: Consider approving the Minutes from the May 14, 2025, Special City Council Meeting.

Initiating Department/Presenter: City Secretary

Presenter:

Kristy Doll, City Secretary

Recommended Motion: Move to approve the Minutes from the May 14, 2025, Special City Council Meeting.

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:

1. Special City Council Meeting Minutes 5-14-2025

MINUTES FROM THE HUNTSVILLE CITY COUNCIL REGULAR MEETING HELD ON THE 14TH DAY OF MAY 2025 AT 9:30 A.M. AT THE CITY OF HUNTSVILLE SERVICE CENTER COMPLEX, LOCATED AT 448 HIGHWAY 75, IN THE CITY OF HUNTSVILLE, WALKER COUNTY, TEXAS.

The City Council met in a special session with the following:

COUNCILMEMBERS PRESENT: Mayor Humphrey, Councilmember Ward 1 Fossum, Councilmember At-Large Position 2 Denman, Councilmember Ward 3 Antwine, Councilmember Ward 4 Strong

COUNCILMEMBERS ABSENT: Mayor Pro Tem McKenzie, Councilmember At-Large Position 1 Lyle, Councilmember Ward 2 Cox, Councilmember At-Large Position 4 Graham

OFFICERS PRESENT: Scott Swigert, City Manager; Kristy Doll, City Secretary

OFFICERS ABSENT: Leonard Schneider, City Attorney

MAIN SESSION CALL TO ORDER

Mayor Humphrey called the meeting to order at 9:37 a.m.

INVOCATION AND PLEDGES - *U.S. Flag and Texas Flag:* *Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

Mayor Humphrey gave the invocation and led the pledges.

1. CITY COUNCIL/MAYOR/CITY MANAGER

- a. Consider adopting Ordinance No. 2025-14 to Canvass the returns of the Special Local Option Election held on the 3rd day of May 2025, for the purpose of "Legalizing the sale of all alcoholic beverages including mixed beverages"; Declaring the results of the City of Huntsville, Texas May 3, 2025, Election.**

Kristy Doll, City Secretary

Councilmember Tore Fossum made a motion to adopt Ordinance No. 2025-14 to Canvass the returns of the Special Local Option Election held on the 3rd day of May 2025, for the purpose of "Legalizing the sale of all alcoholic beverages including mixed beverages"; Declaring the results of the City of Huntsville, Texas May 3, 2025, Election. The motion was seconded by Councilmember Jon Strong. The motion passed 5 - 0. Yes: Russell Humphrey, Karen Denman, Jon Strong, Anissa Antwine, Tore Fossum; No: None.

ADJOURNMENT

Mayor Humphrey adjourned the meeting without objection at 9:40 a.m.

ATTEST:

CITY OF HUNTSVILLE

Kristy Doll, City Secretary

Russell Humphrey, Mayor



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 1.c.

Agenda Item: Consider adopting Resolution 2025-15 to authorize City staff as “Authorized Representatives” for the City’s TexPool accounts.

Initiating Department/Presenter: Finance

Presenter:

Lance Hall, Finance Director

Recommended Motion: Move to approve Resolution 2025-15 to authorize specific City staff as “Authorized Representatives” for the City’s TexPool accounts.

Strategic Initiative: Goal #6 - Finance - Provide a sustainable, efficient and fiscally sound government through conservative fiscal practices and resource management.

Discussion: TexPool, a local government investment pool utilized by the City to earn interest on funds, requires a Resolution approved by the Council in order to add “Authorized Representatives” to pool accounts. Passage of this Resolution will designate Lance Hall, Finance Director of the City, Marcy Metz, Senior Accountant, and Linda Clary, Senior Accountant, as “Authorized Representatives” for City of Huntsville accounts with TexPool and will remove Steve Ritter.

Previous Council Action: No previous Council action for this item.

Financial Implications: No financial impact related to this item.

Approvals:

Leonard Schneider

Sam Masiel

Scott Swigert

Kristy Doll

Associated Information:

1. Tex Pool Resolution 2025-15 amending authorized representatives 050725



Resolution Amending Authorized Representatives

Resolution No. 2025-15 (page 1 of 2)

Please complete this form to amend or designate Authorized Representatives. *This document supersedes all prior Authorized Representative forms.*

* Required Fields

1. Resolution

WHEREAS,

City of Huntsville

7 | 8 | 3 | 4 | 5

Participant Name*

Location Number*

("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("TexPool / Texpool Prime"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

- That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.
- That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and
- That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1. Lance M Hall Finance Director

Name Title

9 | 3 | 6 | 2 | 9 | 1 | 5 | 9 | 8 | 5 | 9 | 3 | 6 | 2 | 9 | 1 | 5 | 4 | 8 | 9 | lmhall@huntsvilletx.gov

Phone Fax Email

Signature
2. Linda D Clary Senior Accountant

Name Title

9 | 3 | 6 | 2 | 9 | 1 | 5 | 4 | 3 | 5 | 9 | 3 | 6 | 2 | 9 | 1 | 5 | 4 | 8 | 9 | lclary@huntsvilletx.gov

Phone Fax Email

Signature
3. Marcy M Metz Senior Accountant

Name Title

9 | 3 | 6 | 2 | 9 | 1 | 5 | 4 | 4 | 3 | 9 | 3 | 6 | 2 | 9 | 1 | 5 | 4 | 8 | 9 | mmetz@huntsvilletx.gov

Phone Fax Email

Signature

1. Resolution (continued)

4.
 Name Title

 Phone Fax Email

 Signature

List the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Marcy M Metz
 Name

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. *This limited representative cannot perform transactions.* If the Participant desires to designate a representative with inquiry rights only, complete the following information.

Name Title

 Phone Fax Email

- D. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation. This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the day of , 20 .

Note: Document is to be signed by your Board President, Mayor or County Judge and attested by your Board Secretary, City Secretary or County Clerk.

City of Huntsville
 Name of Participant*

SIGNED

Signature*
Russell Humphrey
 Printed Name*
Mayor
 Title*

ATTEST

Signature*
Kristy Doll
 Printed Name*
City Secretary
 Title*

2. Delivery Instructions

Please return this document to **TexPool Participant Services:**

Email: texpool@dstsystems.com

Fax: 866-839-3291



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 1.d.

Agenda Item: Consider authorizing the City Manager to enter into an Administrative Services Agreement with TX Health Benefits Pool.

Initiating Department/Presenter: Human Resources

Presenter:

Brian Beasley, HR Director

Recommended Motion: Move to authorize the City Manager to approve a contract with TML Health Benefits Pool for health insurance administrative fees.

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Brian Beasley
Leonard Schneider
Sam Masiel
Scott Swigert
Kristy Doll

Associated Information:

1. TXHBASA

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement (this "**Agreement**") is entered into by and between TML Multistate Intergovernmental Employee Benefits Pool d/b/a TX Health Benefits Pool ("**TX Health Benefits Pool**") and City of Huntsville ("**Employer**") for third party administrator and other Services (defined below), and is effective as the latest date of signature below (the "**Effective Date**"), except that the obligations of the Parties with respect to the Plans and Services shall commence on such date as set forth in the applicable Benefit Program Application ("**ASO BPA**"). TX Health Benefits Pool and Employer are referred to individually herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, TX Health Benefits Pool is a local government risk pool operating under the authority of the Texas Interlocal Cooperation Act and Chapter 172 of the Texas Local Government Code which established the Texas Political Subdivision Uniform Group Benefits Program;

WHEREAS, TX Health Benefits Pool has been organized to provide life, sick, accident, and other health benefits, as well as related services, and to perform operations in furtherance thereof, for the officials, employees and retirees of political subdivisions within the State of Texas and other eligible entities, where allowed by law, who elect to participate in the Pool, and their dependents;

WHEREAS, the Pool is comprised of those political subdivisions within the State of Texas and other eligible entities that, in part, execute an Interlocal Agreement for TX Health Benefits Pool members on a non-risk basis for administrative services only ("**ASO**") and such entities, together with such entities that may hereafter join TX Health Benefits Pool as members on a non-risk basis for ASO services, are referred to individually an "**ASO Member Group**" and collectively the "**ASO Member Groups**";

WHEREAS, TX Health Benefits Pool has selected service providers and negotiated pricing based on the size of its membership, and Employer seeks access to such service providers under the terms and conditions established in TX Health Benefits Pool's agreement with each service provider;

WHEREAS, each ASO Member Group offers a health benefits plan (individually, an "**ASO Plan**" and collectively, the "**ASO Plans**") to provide health coverage for its respective officials, employees, retirees, and their eligible dependents;

WHEREAS, Employer, as an ASO Member Group, has entered into an Interlocal Agreement (the "**ILA**") with TX Health Benefits Pool for TX Health Benefits Pool's services in connection with one or more Plans provided to Employer's employees, officials, and retirees and their dependents (the "**Employer Plan(s)**" or "**Plan(s)**");

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted, the Parties agree as follows:

AGREEMENT

SECTION 1: TX HEALTH BENEFITS POOL'S DUTIES

1.1 Appointment. Employer hereby retains and appoints TX Health Benefits Pool to provide the Services asset forth in this Agreement and all Attachments thereto (which are each incorporated by reference into and made part of this Agreement).

1.2 Standard of Performance. As of the Effective Date, TX Health Benefits Pool shall perform the Services for the Plan on a timely basis at a level consistent with care and diligence in accordance with its own standards for the administration of ASO Member Plans.

1.3 Plan Compliance. TX Health Benefits Pool shall have no responsibility for or liability with respect to the compliance or non-compliance of the Plan(s) with any applicable federal, state and local laws. Employer shall have the sole responsibility for and shall bear the entire cost of compliance with all federal, state and local laws imposed upon Employer, including, but not limited to, any licensing, filing, reporting, modification

requirements and disclosure requirements that may apply to the Plans, and all costs, expenses and fees relating thereto, including, but not limited to, local, state or federal taxes, penalties, surcharges or other fees or amounts regardless of whether payable directly by Employer or by or through TX Health Benefits Pool. Subject to the foregoing, the Parties may agree that TX Health Benefits Pool will assist Employer in complying with a federal, state, or local law. Such an agreement shall be memorialized by the Parties to add the agreed service and fee in Attachment 1 – Schedule of Services and/or Attachment 2 – Financial Terms, with Schedules.

1.4 Subcontracting. In performing the Services, TX Health Benefits Pool, at its sole discretion may contract with or delegate to other entities ("**Subcontractors**") for performance of any of the Services.

1.5 Administrative and Other Services. TX Health Benefits Pool will perform the Services for each such Plan as described in Attachment 1 – Schedule of Services, and in accordance with its own standards for administration of self-funded plans unless authorized in writing by Employer to apply an exception to the applicable Plan. TX Health Benefits Pool will not process any claim which was incurred prior to the applicable Plan effective date as shown in the Services Schedule, unless authorized by Employer in writing prior to determination.

1.6 Enrollment and Eligibility Maintenance.

a. TX Health Benefits Pool will provide its standard online enrollment, eligibility, and billing platform (TX Health Benefits Pool Online) to support benefits that are accessed through TX Health Benefits Pool. If Employer wishes to customize the portal for its employees, such as adding ancillary benefits that are not accessed through TX Health Benefits Pool, TX Health Benefits Pool will work with Employer to identify technical requirements and custom programming charges that will apply. The parties will mutually agree in writing to any customization specifications and fees prior to commencement of work.

b. TX Health Benefits Pool will electronically exchange eligibility data for benefits managed by TX Health Benefits Pool. All data sent by Employer must be sent in TX Health Benefits Pool's required format, as detailed in this Agreement and Attachments. TX Health Benefits Pool is not responsible for the accuracy of any data submitted by the Employer or the Employer's representatives, employees, subcontractors, suppliers, brokers, or agents. At its sole discretion, TX Health Benefits Pool may refuse to load any data file which is not in conformance with the agreed-upon file specifications or which, in TX Health Benefits Pool's opinion, contains substantial errors. Any custom programming fees that may apply in order to accommodate a data file from the Employer will be mutually agreed upon between the parties in writing prior to commencement of work. Employer eligibility data will be sent to vendors in the same file as all other TX Health Benefits Pool members in the format and frequency that has been agreed upon between TX Health Benefits Pool and its vendors.

c. TX Health Benefits Pool does not warrant or guarantee that TX Health Benefits Pool Online will be error free, or that any access to TX Health Benefits Pool Online will always be uninterrupted. Employer's sole and exclusive remedy for breach by TX Health Benefits Pool of the foregoing warranty will be for Employer to re-perform the nonconforming whole or part of the TX Health Benefits Pool Online service. TX Health Benefits Pool will also provide a toll-free telephone number for Employees to complete their open enrollment by phone.

d. If requested by Employer, TX Health Benefits Pool will enter enrollment information submitted to TX Health Benefits Pool by Employer.

e. If requested by Employer, TX Health Benefits Pool will conduct random audits of dependent eligibility documentation as well as employees who have waived coverage to verify that they have a valid waiver reason.

1.7 Reporting. TX Health Benefits Pool will provide its standard enrollment, eligibility, and billing reports at no charge. Custom reporting may be subject to additional fees as mutually agreed upon in writing by the parties.

1.8 Legal Advice. TX Health Benefits Pool's attorneys do not represent Employer, and will not provide legal review or advice regarding Employer's Plan documents, amendments or modifications of Employer's Plan benefits or design, applicable regulatory requirements, or other legal issue impacting Employer, unless otherwise agreed by the Parties in writing.

1.9 BCBSTX BPA Form, PBM. Employer acknowledges that by entering into this Agreement, Employer authorizes TX Health Benefits Pool to execute a BCBSTX Benefit Program Application ("BPA") on Employer's behalf for any applicable BCBSTX products and services provided to Employer. A sample of the BPA form, which is an internal administrative document of BCBSTX, is attached to this Agreement as Attachment 6. Furthermore, for any claims processed by BCBSTX involving prescription drugs related solely to ASO's medical Plan, Employer acknowledges that BCBSTX may use its own PBM (the "BCBSTX PBM"). Employer acknowledges that BCBSTX's responsibilities are intended to be limited to those of a contract claims administrator rendering advice to and administering claims. As such, BCBSTX is a service provider but not a fiduciary with respect to the Plan. BCBSTX may render advice with respect to claims and administer claims on behalf of TX Health Benefits Pool and Employer. BCBSTX has no other authority or responsibility with respect to the Plan except for the services as stated in the ASO ASA and/or ASO BPA.

1.10 Records Retention. TX Health Benefits Pool agrees that it shall retain copies of records in its possession related to the Services provided to the Employer under this Agreement as required by TX Health Benefits Pool's Record Retention Policy ("Retention Period").

SECTION 2: EMPLOYER'S DUTIES

2.1 Exclusivity. Commencing on the Services Effective Date, Employer agrees that it will not perform, or engage any other party to perform the Services with respect to Eligible Persons while this Agreement is in effect, without express written authorization from TX Health Benefits Pool.

2.2 Employer Authority. Notwithstanding anything to the contrary herein, as between TX Health Benefits Pool and Employer, Employer retains full and final authority for the Plan, and its operation, and retains liability for claims under the Plan, and determinations under such Plan. TX Health Benefits Pool performs the Services for Employer in connection with the Plan within the framework of TX Health Benefits Pool's practices and procedures and only as expressly stated in this Agreement or as otherwise mutually agreed by the Parties in writing. The Parties acknowledge and agree that TX Health Benefits Pool and BCBSTX do not insure or underwrite the liability of the Plans and has no responsibility for designing the terms of the Plan or the benefits to be provided thereunder; *provided that* upon written request of Employer, TX Health Benefits Pool shall provide input and recommendations to Employer to improve or make more cost-effective changes to any Plan's benefits or design. For avoidance of doubt, TX Health Benefits Pool does not have final authority to implement such recommendations. Employer may delegate in writing administrative decision-making authority to an employee or agent through a Producer Delegation of Authority Form, a sample of which is attached hereto as Attachment 10. TX Health Benefits Pool may also create secure access to a substantially similar form to Attachment 10 online or through a portal. TX Health Benefits Pool shall not be liable for acting in accordance with that delegation of authority, any decisions made pursuant to that delegated authority, or any consequences stemming therefrom. Employer agrees to notify TX Health Benefits Pool immediately to update or make changes to such delegated authority.

2.3 Fees and Compensation. In exchange for provision of the Services, Employer agrees to pay compensation to TX Health Benefits Pool in accordance with the financial requirements and other fees applicable to this Agreement as set forth in Attachment 2 – Financial Terms, with Schedules. In the event additional Services are requested or changes to the current Services are requested by Employer, the Parties will cooperate in good faith in the execution of any amendment to the Fee Schedule that may be necessary to effectuate such changes.

2.4 Employer Bank Account. By entering into this Agreement, Employer expressly authorizes TX Health Benefits Pool to draft its designated bank account 72 hours after providing notice of medical, dental, and prescription claim payments that have been made on behalf of Employer.

2.5 Information. Employer agrees to provide to TX Health Benefits Pool, in a timely fashion, all documents, amendments, data and/or information and assistance requested by TX Health Benefits Pool to properly administer the Plan, including during any post-termination runout term in accordance with this Agreement, if such a post-termination runout term is separately agreed by the Parties according to the terms of Paragraph 7.2 below. Employer shall notify BCBSTX through TX Health Benefits Pool of any requirements to extend coverage upon reaching limiting age in accordance with any applicable federal or state law. Employer is responsible for ensuring that the terms and conditions of the Plan do not prohibit the engagement of TX Health Benefits Pool as third-party administrator pursuant to the terms and conditions of this Agreement. The provisions of this Section with respect to the Plan shall be effective on the Plan Year effective date.

2.6 Verification of Eligibility. Employer shall determine eligibility for coverage pursuant to the Plan documents. Employer is responsible for making timely updates to eligibility by entering changes in TX Health Benefits Pool's online enrollment system, submitting paper enrollment forms, or another means that is mutually agreeable to the parties. TX Health Benefits Pool does not have final responsibility to determine Employer's employees, retirees, officials, and dependents eligibility ("**Eligible Persons**") or discretion to establish or construe terms and conditions of the Plan(s). Employer remains responsible for any benefits paid for a Eligible Person after their loss of eligibility until Employer has notified TX Health Benefits Pool of such Eligible Person's loss of eligibility. Notwithstanding the foregoing, effective on the Plan Year effective date for the Plan:

- a. TX Health Benefits Pool shall at its cost endeavor to recover benefits payments made for Eligible Persons who have been retroactively terminated as permitted in provider agreements or in applicable law.
- b. Any administrative or clerical errors with respect to eligibility will be corrected according to TX Health Benefits Pool's reasonable administrative practices. TX Health Benefits Pool will not be responsible for liability for clerical errors of TX Health Benefits Pool, its employees, or agents, except when gross negligence or intentional misconduct by TX Health Benefits Pool caused the error.
- c. TX Health Benefits Pool is not required to reimburse Employer for payments made by an Eligible Person's or provider's potentially fraudulent or abusive activity.
- d. Employer is responsible for maintaining enrollment documentation and allowing TX Health Benefits Pool reasonable access to this information as needed for administrative purposes.

2.7 Enrollment and Eligibility Maintenance.

a. Employer will have access to TX Health Benefits Pool Online to submit enrollment and eligibility data, including: access to monthly fee invoices and standard eligibility reports, access to update and maintain Employee eligibility and enrollment information such as new hires, terminations, change in salary, and other demographic information, and access to enter enrollment changes for Employee qualifying life events and open enrollment changes.

b. Employer is responsible for entering enrollment and eligibility information in a timely manner. Employer is responsible for the completeness and accuracy of the data entered into TX Health Benefits Pool Online by the Employer and its Employees. TX Health Benefits Pool Online includes edits and other systematic controls to prevent missing or incorrect information, however, TX Health Benefits Pool is not responsible for verifying the accuracy of data provided by the Employer or Employee.

c. Employer's Employees will also have access to an Employee Portal with access to plan information, enrollment/elections, dependent information, and links to helpful websites. If enabled by Employer, the Employee Portal will include self-service options including open enrollment, new hire benefit elections, and qualifying life event enrollment changes.

2.8 Benefit Appeals. Benefit Appeals shall be handled according to the relevant language and requirements of the Plan. Employer authorizes TX Health Benefits Pool to administer benefit appeals and delegates authority to TX Health Benefits Pool as necessary to approve or deny clinical appeals related to medical necessity or appropriateness. Employer shall retain authority to approve or deny other types of appeals as permitted by state and federal law, including but not limited to appeals related to reasonable and customary payments, benefit plan exceptions, and eligibility overrides. Employer shall act on all such benefit appeals in accordance with the provisions outlined by the Plan.

2.9 Notices to Eligible Persons. Unless otherwise stated in this Agreement, Employer is responsible for all communications to Eligible Persons, including as to the terms of the Plan. In addition, if this Agreement is terminated, Employer agrees to notify all Eligible Persons.

2.10 Employer Employee Tax Forms. Employer shall assume responsibility for providing each employee the proper reporting information required for an employee's federal income tax return, including but not limited to any W-2, 1099, and/or 1094/1095 forms, and shall be responsible for any Employer tax filings.

2.11 Other Duties. Employer is responsible for other duties outlined in this Agreement and its

Attachments, even if they are not included in this Section 2.

SECTION 3: CONFIDENTIAL AND PROTECTED INFORMATION

3.1 Use and Disclosure of Protected Health Information. The Parties have entered into a HIPAA Business Associate Agreement ("BAA") attached as Attachment 8. The Parties agree that they will execute a BAA with any Business Associate with which they plan to share PHI of Employer's Covered Persons. "HIPAA" means the Health Insurance Portability and Accountability Act and its implementing regulations (45 C.F.R. Parts 160-164) and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and its implementing regulations, each as amended, and their respective implementing regulations, as issued and amended by the Secretary of Health and Human Services (all the foregoing, collectively "HIPAA").

3.2 Use and Disclosure of Confidential Information. "Confidential Information" ("CI") means, but is not limited to, intellectual property, trade secrets, inventions, applications, tools, methodologies, software, operating manuals, technology, technical documentation, techniques, product or services specifications or strategies, operational plans and methods, automated claims processing systems, payment systems, membership systems, privacy and security measures, cost or pricing information (including but not limited to provider discounts and rates), business plans and strategies, company financial planning and financial data, prospect and customer lists, contracts, vendor and supplier lists and information, symbols, trademarks, service marks, designs, copyrights, know-how, data, databases, processes, plans, procedures, and any other information developed or acquired by a Party including (in the case of TX Health Benefits Pool) information acquired from other Pool or ASO Member Groups that reasonably should be understood to be confidential, whether or not developed by a Party with or without assistance from an Artificial Intelligence program or acquired before or after the Effective Date of this Agreement. CI also includes modifications, enhancements, derivatives, and improvements of the CI described in the preceding sentence. **The Parties agree that this Agreement and the BCBSTX Agreement are also considered CI.**

- a. The CI of a contracted vendor of a Party shall be considered to be equivalent to the CI of a Party. The Parties agree to treat the CI of a contracted vendor of a Party with the same care as the Party's own CI.
 - i. The previous sentence expressly includes, but is not limited to, CI of BCBSTX. Employer acknowledges that TX Health Benefits Pool has entered into a third-party administrator agreement with BCBSTX, including all attachments thereto, relating to benefits and other services provided under this Agreement (the "BCBSTX Agreement"). As a condition to this Agreement, Employer agrees that it is not a party to and cannot alter or change the terms of the BCBSTX Agreement. Employer and its authorized representatives will at all times maintain the confidentiality of the contents of the BCBSTX Agreement, and will not further disclose the contents of said BCBSTX Agreement without the prior written consent of BCBSTX. A copy of such BCBSTX Agreement shall be provided by TX Health Benefits Pool to Employer upon request in accordance the requirements of this Agreement and the BCBSTX Agreement.
- b. In no event shall any Confidential Information or CI of the Parties include information that:
 - i. is public knowledge other than as a result of a breach of this Agreement by Employer;
 - ii. is independently developed by Employer not in violation of this Agreement;
 - iii. is made available to Employer by a person or any entity whatsoever other than TX Health Benefits Pool, provided the source of such information is not subject to any confidentiality obligations with respect to it; or
 - iv. is required to be disclosed pursuant to law, but only to the extent of such required disclosures and after notice to TX Health Benefits Pool sufficient to allow TX Health Benefits Pool to object.
- c. A Party shall not use or disclose the other Party's CI to any third party without prior written consent of the other Party. In the event a Party shares it's CI with the other Party, the receiving Party agrees to treat the information as confidential and agrees to use and require its employees and agents to use an appropriate degree of care (which, in any case, will not be less than the degree of care it uses with respect to its own confidential information of similar nature) to prevent disclosure of the information.

- d. The Parties acknowledge that as public entities they are subject to disclosure laws including but not limited to the Texas Public Information Act. Each Party agrees to provide written notice to the other Party if it believes it is required by law to disclose CI to any entity or Person, including but not limited to any Eligible Person, any Eligible Person's authorized representative, or any governmental entity, so that the other Party and/or its contracted vendors have the opportunity to object and ensure appropriate confidentiality protections are in place.

3.3 Electronic Exchange of Information. So that Employer and TX Health Benefits Pool may securely and efficiently exchange data and information electronically, Employer agrees to transfer on a timely basis all required data to TX Health Benefits Pool via secure electronic transmission in a format mutually agreed on by the Parties. During the Term of this Agreement and any post-termination runout period if such a runout period is separately agreed by the Parties pursuant to Paragraph 7.2 below, TX Health Benefits Pool shall, at the expense of TX Health Benefits Pool, provide to Employer's authorized employees, agents and contractors, TX Health Benefits Pool's standard electronic reporting. TX Health Benefits Pool shall only allow access to such reporting to authorized personnel of Employer.

3.4 Providing Data to Vendor(s). If Employer directs TX Health Benefits Pool to provide data directly in electronic form to Employer's third-party consultant and/or vendor ("Employer's Vendor"), and TX Health Benefits Pool agrees in its reasonable discretion, which may not be unreasonably withheld, conditioned, or delayed, then Employer acknowledges and agrees that it shall require Employer's Vendor(s) to execute a data exchange agreement as required by TX Health Benefits Pool.

3.5 Vendor Access to Data and PHI. Employer shall provide in writing the names of any of its vendor(s) with whom TX Health Benefits Pool is authorized to release, disclose or exchange data and provide written authorization and specific directions with respect to such release, disclosure, or exchange, in substantially similar form to Attachment 7 titled "Sample HIPAA Privacy Authorization Addendum." TX Health Benefits Pool may also create secure access to a substantially similar form to Attachment 7 online or through a portal. Employer agrees to complete, execute, and provide to TX Health Benefits Pool a HIPAA Privacy Authorization Addendum listing each employee and business associate it would like to authorize to access PHI of its covered individuals, agrees to update and re-send to TX Health Benefits Pool the HIPAA Privacy Authorization Addendum from time to time as necessary to ensure it remains comprehensive and up to date, and acknowledges that TX Health Benefits Pool will not allow access to PHI for any individuals who are not included on the HIPAA Privacy Authorization Addendum on file with TX Health Benefits Pool.

SECTIONS 4 and 5: INTENTIONALLY OMITTED

SECTION 6: LITIGATION, LEGAL PROVISIONS, ERRORS AND DISPUTE RESOLUTION

6.1 Litigation. Each Party shall, to the extent practical, advise the other Party of any legal actions against one or both Parties that specifically or directly concern (a) the terms of or administration of the Plan, or (b) the obligations of either Party under the Plan and/or this Agreement. Each Party shall have the option, at its sole discretion, to select and employ attorneys to defend itself.

6.2 Claim Overpayments and Administrative Discrepancies. Employer acknowledges that unintentional administrative errors may occur. If TX Health Benefits Pool becomes aware of a Claim Overpayment to a Provider or Covered Person, TX Health Benefits Pool is authorized to follow its recovery processes, including, but not necessarily limited to, those items described below ("**Recovery Processes**"). TX Health Benefits Pool, however, will not be required to enter into litigation to obtain a recovery, unless specifically provided for elsewhere in this Agreement, nor will TX Health Benefits Pool be required to reimburse the Plan, except for when gross negligence or intentional misconduct by TX Health Benefits Pool caused the Overpayment, or as otherwise provided in this Agreement. Overpayments recovered by BCBSTX and credited to TX Health Benefits Pool will be reimbursed through a credit in the Employer's following Claim Statement.

6.3 Recovery Process for BCBSTX Network Providers. BCBSTX, on behalf of TX Health Benefits Pool and its ASO Employers, or on behalf of itself as an insurance carrier for services outside of this Agreement, has the right to obtain a refund of an Overpayment from a Provider or a Covered Person. It is understood and agreed that in the event BCBSTX makes a recovery, the terms and charges contained in the

BCBSTX Agreement applicable to that type of recovery will apply to the recovery. Unless otherwise agreed upon between BCBSTX and the Provider, when a Provider fails to return an Overpayment to TX Health Benefits Pool, BCBSTX has the right to utilize the mechanisms outlined in the BCBSTX Agreement (the "Recovery Processes") to recover the Overpayment.

6.31 DISCLAIMER. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, TX HEALTH BENEFITS POOL: (A) MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON- INFRINGEMENT OR WARRANTIES ALLEGED TO ARISE AS A RESULT OF CUSTOM AND USAGE; AND (B) NEITHER ASSUMES NOR ACCEPTS ANY LIABILITY TO EMPLOYER WITH RESPECT TO WHETHER SERVICES PROVIDED HEREUNDER MEET EMPLOYER'S BUSINESS NEEDS.

6.4 Limitation of Liability. Employer acknowledges and agrees that TX Health Benefits Pool's full performance under this Agreement and/or acceptance of benefits under this Agreement shall not waive TX Health Benefits Pool's or its Subcontractors' immunity from suit and/or liability under Texas law. Notwithstanding the foregoing, as part of the consideration for Services provided by TX Health Benefits Pool and for the fees paid by Employer under this Agreement, to the extent allowed by law, TX Health Benefits Pool's liability (whether in contract, tort, or any other liability at law or equity) for any errors or omissions by TX Health Benefits Pool (or its officers, trustees, employees, agents or independent contractors) in connection with this Agreement shall not exceed the maximum benefits which should have been paid under the terms of the Plan, had the errors or omissions not occurred, unless any such errors or omissions are adjudged to be the result of gross negligence or intentional misconduct by TX Health Benefits Pool. Even if advised of the possibility of loss, liability, damage, or expense, TX Health Benefits Pool is not liable for any indirect damages, including any lost profits, data, business, goodwill, anticipated savings, opportunity or use or other incidental or consequential damages, which Employer may suffer as a result of or in connection with provision of the Services.

6.5 Employer Indemnifies TX Health Benefits Pool. Employer hereby agrees to defend, indemnify and hold harmless TX Health Benefits Pool and its directors, officers and employees against any and all loss, liability, damages, penalties and expenses, including reasonable attorney's fees, or other cost or obligation resulting from or arising out of claims, lawsuits, demands, settlements or judgments with respect to this Agreement to the extent resulting from or arising out of any acts or omissions of Employer's or its directors, officers, employees, vendors or agents which have been adjudged to be (i) negligent, fraudulent or criminal or (ii) in breach of the terms of this Agreement. This Section shall only apply if and to the extent enforceable under applicable law.

6.6 TX Health Benefits Pool Indemnifies Employer. TX Health Benefits Pool hereby agrees to defend, indemnify and hold harmless Employer and its and their directors, officers and employees against any and all loss, liability, damages, penalties and expenses, including reasonable attorney's fees, or other cost or obligation to the extent resulting from or arising out of claims, lawsuits, demands, settlements or judgments with respect to this Agreement resulting from or arising out of any acts or omissions of TX Health Benefits Pool or its trustees, directors, officers or employees (other than acts or omissions of TX Health Benefits Pool done at Employers direction) which have been adjudged to be grossly negligent or intentional misconduct. For avoidance of doubt, TX Health Benefits Pool is not required to indemnify Employer for potentially fraudulent or abusive activity by Providers or a Covered Person not arising out of (i) or (ii). This Section shall only apply if and to the extent enforceable under applicable law.

6.7 Indemnification Process. In the event a Party receives notice of claim by a third party for which it is required to undertake the defense thereof as provided in 6.1, such Party shall promptly undertake the defense of such action and be solely responsible for the costs of defense, including but not limited to attorney's fees and costs, external claim reviews, and other expenses, subject to the obligation of the Parties to provide indemnification as provided in Sections 6.4 and 6.5, as applicable. Each Party shall reasonably cooperate with the other Party in such defense, unless a conflict of interest exists. The indemnified Party shall have the right to employ separate counsel in any such action or claim and to participate in the defense thereof, but the fees and expenses of such counsel shall not be an expense of the indemnifying Party unless the Party responsible to undertake the defense provided in Section 5.1 shall have failed, within fifteen (15) calendar days after receipt of notice of claim from the other Party as provided in Section 6.1, to undertake and prosecute the defense thereof. The obligation of Party to provide indemnification under this Agreement shall be contingent

upon: (i) the other Party providing written notice of any claim for which indemnification is sought if the failure to provide notice would materially impair the indemnifying Party's rights or obligations, (ii) allowing the indemnifying Party to control the defense and settlement of such claim if it timely undertakes the defense in accordance with the Section; provided, however, that the indemnifying Party agrees not to enter into any settlement or compromise of any claim or action with respect to Employer's interests in a manner without the consent of indemnified Party unless (A) all monetary damages payable in respect of the claim are paid by the indemnifying Party; (B) all of the indemnified parties receive a full, complete and unconditional release in respect of the claim without any admission or finding of obligation, liability, fault or guilt (criminal or otherwise) with respect to the claim by such parties, and (C) no injunctive, extraordinary, equitable or other prospective relief of any kind is imposed on any indemnified parties; and (iii) the indemnified Party cooperating reasonably in connection with such defense and settlement.

6.8 Dispute Resolution: Mediation. If a dispute arises out of or relates to this Agreement, or the alleged breach thereof, and if the dispute is not settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. A "Notice of Mediation" shall be served by either Party, signifying that the negotiation was not successful and to commence with the mediation process. The mediation shall take place within sixty (60) days of the date of the Notice of Mediation and will be administered under JAMS Health Care rules. The Parties shall agree on a mediator; however, if they cannot agree within 14 days of the Notice of Mediation, then JAMS shall appoint a mediator for them. The process shall be confidential based on terms acceptable to the mediator and/or mediation service provider. The Parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in Austin, Texas, unless another location is mutually agreed upon between the Parties. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

6.9 Choice of Forum. Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims, in any forum other than the US District Court for the Western District of Texas or, if such court does not have subject matter jurisdiction, the courts of the State of Texas sitting in Austin, Texas, and any appellate court from any thereof.

6.10 Choice of Law. This Agreement and all related documents, including all schedules and statements of work attached hereto, and all matters arising out of or relating to this Agreement, whether sounding in contract tort, or statute are governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to the conflict of laws provisions.

SECTION 7: TERM AND TERMINATION

7.1 Term. This Agreement shall commence on the Effective Date hereof and shall continue in full force and effect until the thirty-six (36) month anniversary of the Effective Date (the "Initial Term"). The Initial Term shall automatically renew for additional twelve (12) month periods (each, a "Renewal Term" and together with the Initial Term, referred to as the "Term") unless earlier terminated pursuant to the terms and conditions herein.

7.2 Termination. This Agreement may be terminated as follows:

- a. By Employer, upon providing written notice of intent to terminate to TX Health Benefits Pool at least ninety (90) days prior to the termination date.
- b. Immediately by TX Health Benefits Pool:
 - i. Upon written notice to Employer, for failure to maintain the bank account referred to in Attachment 2 - Financial Terms, with Schedules;
 - ii. If Employer fails to pay claims, fees and/or Contributions required hereunder when due; or
 - iii. If Employer fails in any other way to perform its duties under the Agreement.

7.3 By entering into this Agreement, Employer agrees to pay TX Health Benefits Pool for any accrued but unpaid charges for claims incurred and Services performed as of the effective date of termination

no later than the last day of the month of Employer's receipt of TX Health Benefits Pool's bill. If Employer does not pay such charges by the end of the month, Employer will also be responsible for payment of any attorneys' fees or other collection fees TX Health Benefits Pool incurs, plus the maximum interest allowed by law.

7.4 TX Health Benefits Pool will have no further obligation to process claims after the date this Agreement terminates, unless otherwise agreed to between the Parties in writing.

SECTION 8: DEFINITIONS

In addition to the terms defined elsewhere in this Agreement, the following capitalized terms used in this Agreement shall have the meanings set forth in this Section 8, unless otherwise provided in the Agreement.

8.1. "BCBSTX" means for the purposes of this Agreement, Blue Cross Blue Shield of Texas, a division of Health Care Service Corporation, a Mutual Legal Reserve Company and a third-party administrator licensed in the State of Texas, or any of its subsidiaries or affiliates, including successor corporation(s), whether by merger, consolidation, or reorganization of Blue Cross Blue Shield of Texas.

8.2. "BCBSTX Agreement" means for the purposes of this Agreement, the Administrative Services Agreement, including all attachments and addenda of the BCBSTX Agreement, between BCBSTX and TX Health Benefits Pool relating to third party administrator and other services.

8.3. "Covered Person" Individuals who are eligible for coverage under the terms of the Plan and who have elected to participate in the Plan.

8.4. "Covered Service" means a service or supply specified in the Plans for which benefits will be provided and for which Claim Administrator has agreed to provide administrative services under this Agreement.

8.5. "Fee Schedule" means the fees and charges for third party administrator and other services provided under this Agreement including the fees and charges specified in the initial ASO Group BCBSTX Benefit Plan Application ("ASO Group BPA"), including but not limited to, administrative charges and other service charges; or subsequent fees and charges set forth in a subsequent ASO Group BPA as replacement or supplement to the initial BPA; and/or other fees and charges specified in Schedule A to Attachment 2. The Fee Schedule shall be applicable to the Fee Schedule Period therein, except that any item of the Fee Schedule may be changed in accordance with Section 3.3 of Exhibit 2.

8.6. "Fee Schedule Period" means the period of time indicated in the Fee Schedule and, if applicable, the BPA Fee Schedule Addendum.

8.7. "Services" means those benefits and products TX Health Benefits Pool Agrees to provide to Employer as detailed in this Agreement and its Attachments.

8.8. "Supplemental Charge" means a fee or charge, if any, payable to Claim Administrator by TX Health Benefits Pool in addition to the fees and charges set forth in the Fee Schedule as provided herein. A Supplemental Charge may be applied for any customized reports, forms, other materials, or any additional services or supplies not documented in the applicable Fee Schedule as provided therein. Such services and/or supplies and any applicable Supplemental Charge(s) (if any) are to be agreed upon by the Parties in advance.

8.9. "Surcharges" means: local, state or federal taxes, surcharges or other fees or amounts, including, but not limited to, Blue Cross Blue Shield Global Core Access Vendor Fees and amounts due in connection with the Affordable Care Act Transitional Reinsurance Programs (or successor or alternate program amounts) (the "Reinsurance Contribution"), paid by Claim Administrator which are imposed upon or resulting from this Agreement, or are otherwise payable by or through Claim Administrator. Upon request, TX Health Benefits Pool shall furnish to Claim Administrator in a Timely manner all information necessary for the calculation or administration of any Surcharges. Surcharges may or may not be related to a particular claim for benefits. In no event will Claim Administrator be responsible for the Reinsurance Contribution.

8.10. "Timely" means the following:

- a. With respect to all payments due TX Health Benefits Pool by Employer under this

Agreement, weekly claim invoices are due within forty-eight (48) business hours of notification to Employer by TX Health Benefits Pool, monthly fees (e.g., Administrative Charges) are due on the first day of the month and are considered late after thirty (30) calendar days; or

b. With respect to all information due TX Health Benefits Pool by Employer concerning Covered Persons, within thirty-one (31) calendar days of a Covered Person's effective date of coverage or change in coverage status under the Plans no later than 31 calendar days following a Covered Person's effective date of coverage or change in coverage status under the Plans;

c. With respect to all Plan information due TX Health Benefits Pool by Employer other than in connection with the effective date of coverage or change in coverage status under the Plan, upon the effective date of this Agreement and at least ninety (90) calendar days prior to the effective date of change or amendment to the Plans thereafter; or,

d. With respect to all Plan information due TX Health Benefits Pool by Employer in connection with the addition of a new Member Group to the Pool, upon at least thirty (30) calendar days prior to the effective date of such addition.

SECTION 9: MISCELLANEOUS

9.1 Entire Agreement. This Agreement, including and together with any related statements of work, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter (including but not limited to the previous Administrative Services Agreement between the Parties, and all amendments thereto, effective as of January 1, 2022). Each Party expressly warrants and represents that no promise or agreement that is not expressed in this Agreement has been made to that Party and that no Party is relying upon any statement or representation of any of the Parties being released by this Agreement or by anyone acting for them. Instead, each Party is relying on that Party's own judgment, and each has been represented by the Party's own attorney. All Recitals, proposals, exhibits, schedules, attachments and/or addenda to this Agreement are true and correct and are incorporated herein by reference. The Attachments and Schedules to this Agreement are as follows:

- a. Attachment 1 – Schedule of Services
- b. Attachment 2 – Financial Terms
- c. Schedule A to Attachment 2 – Fee Schedule
- d. Schedule B to Attachment 2 – Specialty Drug Guarantees
- e. Schedule C to Attachment 2 – Acknowledgement Form Related to Navitus Copay and Specialty Drug Savings Programs
- f. Attachment 3 – Plan Administrative Exception Authority
- g. Attachment 4 – Reasonable and Customary Reference Options Addendum
- h. Attachment 5 – Subrogation Services
- i. Attachment 6 – Sample ASO Group Benefit Plan Application Form
- j. Attachment 7 – Sample HIPAA Privacy Authorization Addendum
- k. Attachment 8 – HIPAA Business Associate Agreement between Employer and TX Health Benefits Pool

9.2 Severance. If any term, condition or provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, invalid, or void, the remaining provisions will nevertheless continue in full force and effect and shall not be affected, impaired or invalidated in any way. If there is any conflict between this Agreement and the ILA, the terms of the ILA shall prevail.

9.3 Disclaimer. PURSUANT TO THIS AGREEMENT, TX HEALTH BENEFITS POOL IS ONLY OBLIGATED AS AN ADMINISTRATOR OF SERVICES TO EMPLOYER'S PLAN. TX HEALTH BENEFITS POOL IS NOT AN INSURANCE COMPANY OR FIDUCIARY, DOES NOT INSURE EMPLOYER'S PLAN(S) IN ANY WAY, AND IS NOT SUBJECT TO THE JURISDICTION OF THE TEXAS DEPARTMENT OF INSURANCE.

9.4 Assignment. Employer shall not assign, transfer, delegate, or subcontract any of its rights or obligations under this Agreement, including by virtue of any merger or reorganization, which will be a deemed assignment, without the prior written consent of TX Health Benefits Pool which consent shall not be unreasonably withheld, conditioned, or delayed.

9.5 Relationship of the Parties. TX Health Benefits Pool is an independent contractor with respect to Employer. Neither Party shall be construed, represented, or held to be an agent, partner, associate, joint venturer or employee of the other. Nothing in this Agreement shall create or be construed to create the relationship of employer and employee between TX Health Benefits Pool and Employer; nor shall Employer's agents, officers or employees be considered or construed to be employees of TX Health Benefits Pool for any purpose whatsoever.

9.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9.7 Modifications and Amendments.

a. This Agreement may only be modified in writing in the agreement of the Parties, except as stated in Paragraph 7.2.b. No modification or change in any provision of this Agreement, including but not limited to, changes at renewal, shall be effective unless and until approved in writing by an authorized representative of TX Health Benefits Pool and an authorized representative of Employer and evidenced by an amendment or new Addendum attached to this Agreement. Notwithstanding the foregoing, nothing herein shall limit the ability of Employer to amend or otherwise revise the Plan, including, without limitation, any Plan benefits, and Employer shall give TX Health Benefits Pool timely notice thereof. Further, notwithstanding the foregoing, any amendments required by law may be implemented by TX Health Benefits Pool upon sixty (60) calendar days' prior notice to Employer or such time period as may be required by law. Amendments required by law shall be effective retroactively, if applicable, as of the date required by such Law.

b. TX Health Benefits Pool can change the pricing or Services shown in Attachment 1, the Services Schedule thirty-one (31) days after giving Employer written notice of its intent to do so. Such written notice shall supersede the applicable items(s) in the Services Schedule and any prior such notice(s).

9.8 No Third-Party Beneficiaries. This Agreement benefits solely the Parties and their respective successors and permitted assigns and nothing in this Agreement, express or implied, confers on any third party any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

9.9 Force Majeure. Neither Party shall be liable to the other for any failure to timely perform its obligations under this Agreement if prevented from doing so by acts of God or nature, fires, floods, storms, earthquakes, riots, strikes, wars, terrorism, pandemics, state, local or national government action, or cybersecurity incident, *provided that* the non-performing Party is without fault in causing such failure or delay, and such failure or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing Party through the execution and use of alternate sources, workaround Plans or other means (including applicable business continuity plans). No such failure to perform shall, however, limit or restrict the other Party's right to terminate this Agreement

9.10 Enforcement. Any delay or inconsistency by either Party in the enforcement of any part of this Agreement shall not constitute a waiver by that Party of any rights with respect to the enforcement of any part of this Agreement at any future date nor shall it limit any remedies which may be sought in any action to enforce any provision of this Agreement.

9.11 Proprietary Marks. Neither Party shall use the name, symbols, copyrights, trademarks or service marks ("**Proprietary Marks**") of the other Party or the other Party's respective clients in advertising or promotional materials without prior written consent of the other Party; provided, however, that during the Term of this Agreement, TX Health Benefits Pool may include Employer in its list of clients; and provided further, that Employer shall be permitted to use TX Health Benefits Pool's Proprietary Marks in co-branded marketing materials as long as TX Health Benefits Pool reviews and approves such use and Employer acknowledges that any co-branded marketing must be consistent with TX Health Benefits Pool brand requirements.

9.12 Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**", and with the correlative meaning "**Notify**") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Article). Unless otherwise agreed herein, all Notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party; and (b) if the Party giving the Notice has complied with the requirements of this Section.

Notice to TX Health Benefits Pool:

TX Health Benefits Pool Benefits Pool
1821 Rutherford Lane, Suite 300
Austin, TX 78754

Attn: Legal Department - Legal@txhb.gov

Notice to Employer:

City of Huntsville
1212 Ave M
Huntsville, Texas 77340
Attn: Human Resources

Brian Beasley, HR Director bbeasley@huntsvilletx.gov

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have entered into this Administrative Services Agreement as of the effective date.

TX Health Benefits Pool

Jennifer Hoff	
Print Name	Print Name
Signature	Signature
Executive Director	
Title	Title
Date	Date

APPROVED AS TO FORM:

TXHB Director of Legal

This Administrative Services Agreement is entered into for Employer under the authorization of:

_____ at duly called meeting held on
(Employer Name)

_____ at _____
(Date of Meeting) **(Time of Meeting)**

By _____
(Signature) **(Typed or Printed Name)**

Authorized Official Title _____

Date: _____

ATTACHMENT 1

Schedule of Services

TX Health Benefits Pool shall perform all of the following for EMPLOYER:

1. ALTERNATIVE PROVIDER COMPENSATION ARRANGEMENTS

EMPLOYER agrees to participate in Alternative Provider Compensation Arrangements as applicable based on Covered Person criteria established by TX Health Benefits Pool, unless TX Health Benefits Pool has allowed EMPLOYER to opt out.

2. CLAIMS ADJUDICATION

Determination of payment levels of Claims according to EMPLOYER's directions on applicable benefit Plans terms and design, including determination of pre-service or prior authorization of services. EMPLOYER agrees that TX Health Benefits Pool will apply TX Health Benefits Pool's standard medical and utilization management criteria and policies and Coordination of Benefits (COB) processes for ASO Members.

3. EXPLANATION OF BENEFITS ("EOB")

Preparation of EOBs.

4. CLAIMS/MEMBERSHIP INQUIRIES

Providing responses to inquiries – written, phone or in-person – related to membership, benefits, and Claim Payment, or Claim denial.

5. ENROLLMENT SERVICE

Upon EMPLOYER request, TX Health Benefits Pool will assist EMPLOYER, in accordance with TX Health Benefits Pool's standard procedures, when scheduled in advance based on staffing availability, in initial enrollment activities and open enrollment activities, including education of Covered Persons about benefits, the enrollment process, selection of health care Providers and how to file a Claim for benefits; issue Claim submission instructions on behalf of EMPLOYER to health care Providers who render services to Covered Persons.

6. DISABLED DEPENDENT VERIFICATION

Determine the disabled status of any dependent children of Covered Persons, for purposes of administering the Group's age limit for eligibility. Determination will be made based on TX Health Benefits Pool's review of clinical information received by TX Health Benefits Pool from the Covered Person or the dependent's medical provider(s).

7. CLIENT SERVICES AND MATERIALS

Provision of those items as elected by EMPLOYER from listing below:

a. **Enrollment Materials.** TX Health Benefits Pool's Marketing Division will provide implementation materials during the enrollment process; any custom designed materials may be subject to Supplemental Charge.

b. **Identification Cards.** Prepare and issue to Covered Persons identification cards based upon criteria provided by EMPLOYER and in compliance with TX Health Benefits Pool and Blue Cross and Blue Shield Association guidelines. TX Health Benefits Pool shall issue the identification card not later than the 30th day after the date TX Health Benefits Pool receives notice that the individual is eligible for the benefits.

Proprietary and Confidential Information of Claim Administrator

Not for use or disclosure outside Claim Administrator, TX Health Benefits Pool, their respective affiliated companies, and third-party representatives, except with written permission of Claim Administrator.

c. **Standard Provider Directories.** Access for Covered Persons and potential Covered Persons to Network Provider directories and periodic updates to such, if applicable to the health benefit Plans coverage(s) under the Agreement. Such Network Provider directories shall also be available and distributed in book format upon EMPLOYER's request.

d. **Customer Service.** Access to a dedicated 24-hour toll-free customer service telephone number answered in Texas.

e. **Medical Prior-Authorization Service Telephone Number.** For those services determined by EMPLOYER and provided in writing to TX Health Benefits Pool that require prior authorization, advance TX Health Benefits Pool review of medical necessity, based on TX Health Benefits Pool's standard medical and utilization management criteria and policies, of such services covered under the Plans; access to toll-free medical prior-authorization service telephone number for Covered Persons and their health care Providers to call for assistance.

8. INTERNAL APPEALS

Determination of properly filed internal appeal requests received by TX Health Benefits Pool from a Covered Person or a Covered Person's authorized representative.

9. MEMBERSHIP

Using membership information provided to TX Health Benefits Pool by EMPLOYER to make claim and appeal determinations and for other purposes as described in the Agreement.

10. STANDARD REPORTS

Make available Claim data, Claim settlements (as outlined in Exhibit 2, Section 6) and periodic reports in TX Health Benefits Pool's standard format(s) in accordance with TX Health Benefits Pool's standard reporting processes at no additional charge. Any additional reports required by EMPLOYER must be mutually agreed upon by the Parties in writing prior to their development and may be subject to a Supplemental Charge.

11. STOP LOSS COORDINATION

Coordinate all necessary reporting and notification to EMPLOYER'S identified stop loss broker, producer, or agent, if any.

12. REPORTING SERVICES

Preparation and filing of annual Internal Revenue Service ("IRS") 1099 forms for the reporting of payments to health care Providers who render services to Covered Persons and who are reimbursed under the Plans for those services.

13. ACTUARIAL AND UNDERWRITING

Provide Claims projections, estimated Alternative provider Compensation fees, and pricing of administrative services and stop loss coverage.

14. FRAUD DETECTION AND PREVENTION

Identify and investigate suspected fraudulent activity by Providers and/or Covered Persons and inform EMPLOYER of findings and proof of fraud applying TX Health Benefits Pool's standard processes; address any related recovery litigation as set forth in Exhibit 6.

15. EMPLOYER PORTAL

Provide EMPLOYER with on-line resources that allow EMPLOYER the ability to perform a variety of Plans administrative functions, currently managing membership and enrollment, inquiring about claims status, generating reports, and receiving billing information. Functions may be changed or added, as they become available.

16. MEMBER PORTALS

Provide EMPLOYER with on-line resources that allows individuals access to information about their healthcare coverage and benefits through TX Health Benefits Pool, such as verifying the status of finalized claims, accessing health and wellness information, verifying dependents coverage, and taking a health risk assessment. Information may be changed or added, as it becomes available.

17. PROVIDER NETWORK(S)

If applicable to the health benefit Plans coverage(s) under the Agreement, establish, arrange, and maintain a Network(s) through contractual arrangements with Providers.

18. MSP INFORMATION REPORTING

Reporting preparation and filing as required of TX Health Benefits Pool as Responsible Reporting Entity ("RRE") for the Plans as that term is defined in Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007.

19. UNCASHED FUNDS

Regarding outstanding funds that are or become "stale" (over three hundred and sixty-five (365) days old), issue notification letters to payees and upon completion of notification process, reissue such funds to payees based upon payee response, if any. When fund reissuance is not possible funds will escheat to state of payee's last known address on behalf of EMPLOYER in accordance with TX Health Benefits Pool's established procedures and the applicable state's unclaimed property Law.

20. ADDITIONAL SERVICES NOT SPECIFIED

TX Health Benefits Pool may provide additional services not specified in the Agreement; such services will be mutually agreed upon between the Parties in writing prior to their performance and may be subject to Supplemental Charge if so mutually agreed upon by the Parties.

21. ACTIVITIES THAT ARE NOT CONSIDERED SERVICES

Except as otherwise provided herein, TX Health Benefits Pool does not provide EMPLOYER with software, facilities, phone systems, computers, database or information management, quality or security services, and the term "Services" does not include backroom operations such as support functions.

THE FOLLOWING (ONLY IF SELECTED ON GROUP BENEFIT PLAN APPLICATION FORM):

22. EXTERNAL REVIEW COORDINATION

TX Health Benefits Pool will coordinate external reviews of certain adverse benefit determinations for EMPLOYER for the fee set forth in this Agreement. If elected, TX Health Benefits Pool's coordination includes reviewing external review requests to assess whether they meet eligibility requirements, referring requests to IROs, and reversing the Plans' determinations if so indicated by the IRO. External reviews shall be performed by an IRO and not TX Health Benefits Pool. Amounts received by TX Health Benefits Pool and IROs may be revised from time to time and may be paid each time an external review is undertaken.

23. BLUE CARE CONNECTION® PROGRAM

Provide a program that may include utilization management, case management, condition management, lifestyle management, predictive modeling, Well on Target, 24/7 nurseline and access to a personal health manager or such other features as determined by EMPLOYER and agreed to by TX Health Benefits Pool.

24. WELLBEING MANAGEMENT

Provide a program that may include holistic health care management, including behavioral health care management, utilization management, maternity management, and 24/7 nurseline, and access to Well on Target digital tools and resources as determined by EMPLOYER and agreed to by TX Health Benefits Pool.

25. MASSACHUSETTS STATEMENTS OF CREDITABLE COVERAGE AND ELECTRONIC REPORTING

At the written direction of EMPLOYER, issuance of written statements of creditable coverage and related electronic reporting to the Massachusetts Department of Revenue with respect to Covered Persons subject to the Massachusetts Health Care Reform Act.

26. REFERENCE BASED PRICING ("RBP")

Assist EMPLOYER with establishing a maximum coverage amount for specified imaging, inpatient, and outpatient procedures derived from a pricing method based on either the Employee's or Provider's location.

27. VIRTUAL VISITS PROGRAM MANAGEMENT

Provide or arrange for a program, that allows Covered Persons to access benefits for certain Covered Services remotely from virtual visit participating Providers via (i) interactive audio communication (via telephone or similar technology) and/or (ii) interactive audio/video examination and communication (via online portal, mobile app, or similar technology), where available.

28. SUMMARY OF BENEFITS AND COVERAGE ("SBC")

Create co-branded SBCs for benefits TX Health Benefits Pool administers under the Agreement and provide SBCs to EMPLOYER and Covered Persons as described in the ASO Group Benefit Plan Application Form.

ATTACHMENT 2

Financial Terms

Service charges and other service specifications applicable to the Agreement are set forth in the Fee Schedule, the applicable Group Benefit Plan Application (BPA) Form (Attachment 6) and the Schedule B Specialty Drug guarantees, if applicable. Unless specified in Schedule A: Fee Schedule, no other charges or fees shall be incurred or due unless otherwise mutually agreed in writing between the parties. They are to apply for the period(s) of time indicated therein and shall continue in full force and effect until the earlier of: (i) the end of the Fee Schedule Period and the Schedule B Specialty Drug Guarantees Period, if applicable; (ii) the date a Fee Schedule is amended or replaced in its entirety by the execution of a subsequent Schedule A Fee Schedule, Schedule B Specialty Drug Guarantees, or Attachment 6 Group BPA Form, or Addendum, if applicable; or (iii) the date the Agreement is terminated.

SECTION 1: INTER-PLAN ARRANGEMENT FEES:

1.1. Network Access Fees (as applicable): Additional information is available upon request; included in the Claim Charge, if applicable;

1.2. Negotiated Arrangement/Custom Fees (as applicable): Additional information is available upon request; included in the medical Administrative Charge(s) noted on Attachment A to this Fee Schedule;

1.3. For Non-Participating Healthcare Providers Outside Claim Administrator's Service Area/processing fees (as applicable): Additional information is available upon request; included in the medical Administrative Charge(s) noted on Attachment A to this Fee Schedule.

*If applicable, such fees may not exceed the lesser of the applicable annual percentage of the discount (dependent upon group size) permitted under the BlueCard Program or \$2,000 per Claim.

SECTION 2: EXHIBIT DEFINITIONS

Terms defined in this Exhibit which appear in the Agreement have the same meaning in the Agreement. Other definitions applicable to this Exhibit are contained in Section 8 DEFINITIONS of the Agreement.

2.1. "Employer Payment" means the amount owed or payable to TX Health Benefits Pool by Employer for a given Employer Payment Period in accordance with Section 5 of this Attachment which is the sum of Claim Payments made plus applicable service charges incurred during that Employer Payment Period.

2.2. "Employer Payment Method" means the method elected in the Group BPA (Attachment 6) by which Employer Payments will be made.

2.3. "Employer Payment Period" means the time period indicated in the Fee Schedule.

2.4. "Medicare Secondary Payer ("MSP")" means those provisions of the Social Security Act set forth in 42 U.S.C. §1395 y (b), and the implementing regulations set forth in 42 C.F.R. Part 411, as amended, which regulate the manner in which Employer may offer group health care coverage to Medicare-eligible employees, their spouses and, in some cases, dependent children.

2.5. "Run-Off Claim" means a Claim incurred prior to the expiration or termination of the Agreement that is submitted for payment during the Run-Off Period.

2.6. "Run-Off Period" means twelve (12) months immediately following the expiration or termination of the Agreement.

2.7. Termination Administrative Charge” means any consideration indicated in Attachment A to this Fee Schedule that is required by TX Health Benefits Pool upon termination of the Agreement, including any services that may be performed by TX Health Benefits Pool during the Run-Off Period indicated on such Group BPA.

SECTION 3: COMPENSATION TO TX HEALTH BENEFITS POOL

3.1. Intent of Service Charges. Employer will pay service charges to TX Health Benefits Pool in accordance with Schedule A Fee Schedule, if applicable, as compensation for the processing of Claims and administrative and other services provided to Employer.

3.2. Determining Service Charges. The service charges, which are for the Fee Schedule Period have been determined in accordance with TX Health Benefits Pool’s current regulatory status and Employer’s existing benefit program.

3.3. Changing Service Charges. Such service charges shall be subject to change by TX Health Benefits Pool as follows:

- a. At the end of the Fee Schedule Period, provided that sixty (60) days’ prior written notice is given by TX Health Benefits Pool;
- b. On the effective date of any changes or benefit variances in the Plan, its administration by Employer, or the level of benefit valuation which would increase TX Health Benefits Pool’s cost of administration;
- c. On any date changes imposed by governmental entities increase expenses incurred by TX Health Benefits Pool, provided that such increases shall be limited to an amount sufficient to recover such increase in expenses;
- d. On any date that the actual number of Covered Employees (in total, by product or by benefit plan), the single/family mix, or the Medicare/Non-Medicare mix varies +/- ten percent (10%) from TX Health Benefits Pool’s projections; or

The information upon which TX Health Benefits Pool’s projections were based (benefit levels, census/demographics, producer/broker fees, etc.) becomes outdated or inaccurate.

3.4. Service Charges upon Termination. In the event the Agreement is terminated in accordance with the “Term and Termination” provisions of the Agreement, Employer will Timely pay TX Health Benefits Pool the Termination Administrative Charge indicated in the Fee Schedule. Termination Administrative Charges assume the continuation of the Plan benefit – program(s) and the administrative services in effect prior to termination. Should such Plan benefit program(s) and/or administrative services change, or in the event the average Plan enrollment during the three (3) months immediately preceding termination varies by ten percent (10%) or more from the enrollment used to determine the service charges in effect at the time of termination, TX Health Benefits Pool reserves the right to adjust the fees for service charges (including, but not limited to, access fees) to be used to compute the Termination Administrative Charge. In the event of a termination by Employer of more than ten percent (10%) of TX Health Benefits Pool’s projections of Covered Employees, Employer will pay the Termination Administrative Charge as specified in the current Fee Schedule for such terminated Covered Employees.

3.5. Additional Service Charges. In addition to the amounts due and payable each month in accordance with the Fee Schedule and the most current Group BPA Form, TX Health Benefits Pool may charge Employer for:

- a. Any applicable Supplemental Charge(s);

- b. Reasonable fees for the reproduction or return of Claim records requested by Employer, a governmental agency or pursuant to a court order; and/or
- c. Any other fees that may be assessed by third parties for services rendered to Employer, a portion of which may be retained by TX Health Benefits Pool as compensation for TX Health Benefits Pool's support of such services; and/or
- d. Any other fees for services mutually agreed upon by the Parties in writing.

3.6. Billing and Invoices for Administrative and other Fees. TX Health Benefits Pool will prepare an invoice for administrative fees and other census-based fees monthly and place it on the TX Health Benefits Pool Online portal for Employer to retrieve. TX Health Benefits Pool will prepare a trial invoice on or about the 17th day of each month. Employer may retrieve this trial invoice and make updates to the eligibility records before the final invoice is run. The final invoice will be created and posted on or about the 21st of each month. Invoices for Administrative and other Fees that are based on census will be calculated based on the enrollment data in TX Health Benefits Pool Online at the time the invoice was created. Any data updates, including but not limited to new hires, terminations, and enrollment changes that are entered after the invoice has been created will be reflected as a retroactive adjustment on the following month's invoice. Invoices will not be rerun. TX Health Benefits Pool may accommodate a self-bill and reconciliation process at the request of the Employer subject to mutually agreeable procedures.

3.7. Effect of Plan Enrollment. Administrative Charges will be paid based upon information TX Health Benefits Pool receives regarding current Plan enrollment as of the first day of each month. Appropriate adjustments will be made for enrollment variances or corrections. With respect to services rendered for any Covered Person under a Plan Employer who terminates coverage under such Plan in any given month, the administrative charges shall end with respect to such Covered Person on the last day of such month, and Services shall be rendered through the end of the month in which the coverage for the Covered Person terminates. With respect to services rendered for any Covered Person under a Plan of a Member Group or ASO Member Group who first enrolls on a date other than the first of the month, no Administrative Charges will be due or paid for this first partial month. Appropriate adjustments will be made for enrollment variances or corrections.

3.8. Timely Payment. Performance of all duties and obligations of TX Health Benefits Pool under the Agreement are contingent upon the Timely payment of any amount owed TX Health Benefits Pool by Employer.

SECTION 4: CLAIM PAYMENTS

4.1. TX Health Benefits Pool's Payment. Upon receipt of a Claim, TX Health Benefits Pool will make a Claim Payment provided that all payments due TX Health Benefits Pool under the terms of the Agreement are paid when due.

4.2. Employer's Liability. Any reasonable determination by TX Health Benefits Pool in adjudicating a Claim under the Agreement that a Covered Person is entitled to a Claim Payment is conclusive evidence of the liability of Employer to TX Health Benefits Pool for such Claim Payment pursuant to Section 6 below titled "Claim Settlements." Employer shall be liable to TX Health Benefits Pool for all Claim Payments, and the applicable service charges.

4.3. Covered Person's Certain Liability. Under certain circumstances, if TX Health Benefits Pool pays the healthcare Provider amounts that are the responsibility of the Covered Person under the Agreement, TX Health Benefits Pool may collect such amounts from the Covered Person.

4.4. Cessation of Claim Payments. If Employer has failed to pay when due any amount owed TX Health Benefits Pool, TX Health Benefits Pool shall be under no obligation to make any further Claim Payments until such default is cured.

SECTION 5: EMPLOYER PAYMENT

5.1. Intent. In consideration of TX Health Benefits Pool's obligations as set forth in the Agreement and at the end of each Employer Payment Period, Employer shall pay to TX Health Benefits Pool or shall provide access for TX Health Benefits Pool to obtain, Employer Payment amount due for that Employer Payment Period.

5.2. Confirmation or Notification of Amount Due and Payment Due Date. Employer shall confirm with TX Health Benefits Pool or TX Health Benefits Pool shall notify Employer's financial division of Employer's Payment for each Employer Payment Period and when such payment is due. Confirmation or notification shall be in accordance with the Employer Payment Method specifications on the most current applicable Group BPA Form and the following:

a. **If Employer Payment Method is by Check,** Employer must maintain a deposit with TX Health Benefits Pool equivalent to the average of two (2) weeks of medical claims. TX Health Benefits Pool shall issue Employer a settlement statement to replenish the deposit account which will include TX Health Benefits Pool's mailing address for check remittance and the date payment is due.

b. **If Employer Payment Method is other than Check,** TX Health Benefits Pool shall advise Employer by email or facsimile (at an email address or facsimile number to be furnished by Employer prior to the effective date of the Agreement) or by such other method mutually agreed to by the Parties, of the amount due. Employer Payment must be made or obtained within forty-eight (48) hours of Employer's notification by TX Health Benefits Pool. If any day on which an Employer payment is due is a holiday, such payment will be made or obtained on the next business day.

5.3. Federal Regulation of Employer. Employer will be responsible for payment of any applicable contributions to the funding of the Transitional Reinsurance Programs established by the Affordable Care Act. Under no circumstances will TX Health Benefits Pool be responsible for payment of Reinsurance Contributions.

5.4. Late Payments. Late payments are subject to the penalties outlined in Section 7.3 of this Exhibit.

SECTION 6: CLAIM SETTLEMENTS

6.1. Determining What Employer Owes. A Claim settlement shall be determined for each Claim settlement period indicated in Schedule A Fee Schedule. The Claim settlement shall reflect the sum of the following a., b., and c., which shall be referred to as the "Employer Claim Settlement Total.":

a. Claim Payments paid by TX Health Benefits Pool in the particular Claim settlement period.

b. Claim Payments paid by TX Health Benefits Pool in prior Claim settlement periods that have not been included in a prior Claim settlement.

c. The Administrative Charges and credits, Surcharges, and other applicable service charges as indicated in Schedule A Fee Schedule and any applicable Supplemental Charge(s).

6.2. Employer Underpayment. If, within the Claim settlement period, the Claim Settlement Total exceeds Employer Payments, Employer will pay the difference to TX Health Benefits Pool. The Claim settlement will be determined within sixty (60) days from the last day of the Claim settlement period. TX Health Benefits Pool will notify Employer in writing of the results of the Claim settlement. Any sums due TX Health Benefits Pool will be paid Timely by Employer.

6.3. Employer Overpayment. If, within the Claim settlement period, Employer Payments exceed the Claim Settlement Total, TX Health Benefits Pool may, at its option, pay such difference to Employer, apply the difference against amounts then owed TX Health Benefits Pool by Employer or authorize a reduction equal to such difference from the next Claim Settlement Total due TX Health Benefits Pool from Employer.

SECTION 7: LATE PAYMENTS AND REMEDIES

7.1. When Employer Fails to Pay. If Employer fails to pay when due any amount required to be paid to TX Health Benefits Pool under the Agreement, and such default is not cured within ten (10) days of the due date, a Reminder Notice will be sent to the Employer via email. If payment is not received within ten (10) days of the date the Reminder Notice is sent, TX Health Benefits Pool reserves the right to consider the Employer delinquent according to its procedures. If defaults are not cured following written notice to TX Health Benefits Pool, TX Health Benefits Pool may, at its option:

- a. Suspend Claim Payments; or
- b. Terminate the Agreement as of the effective date specified in such notice; or
- c. Require Employer to maintain a deposit with TX Health Benefits Pool equal to one month of average Claim Settlements in addition to any late Payment.

7.2. When TX Health Benefits Pool Fails to Timely Notify. Pursuant to Section 6.5 "Severability; Enforcement; Force Majeure; Survival" of the Agreement, TX Health Benefits Pool's failure to provide Employer with Timely notice of any amount due hereunder shall not be considered a waiver of payment of any amount which may otherwise be due hereunder from Employer.

7.3. Late Charge. If Employer fails to make any payment required by the Agreement on a Timely basis, TX Health Benefits Pool, at its option, may assess a daily charge for the late remittance from the due date of any amount(s) payable to TX Health Benefits Pool by Employer. This daily charge shall be an amount equal to the amount resulting from multiplying the amount due times the lesser of:

- a. The rate of 0.0329% per day which equates to an amount of twelve percent (12%) per annum; or
- b. The maximum rate permitted by state law.

7.4. Insolvency. In addition, if Employer becomes insolvent, however evidenced, or is in default of its obligation to make any Employer Payment as provided hereunder, or if any other default hereunder has occurred and is continuing, then any indebtedness of TX Health Benefits Pool to Employer (including any and all contractual obligations of TX Health Benefits Pool to Employer) may be offset and/or recouped and applied toward the payment of Employer's obligations hereunder, whether or not such obligations, or any part thereof, shall then be due Employer.

SECTION 8: FINANCIAL OBLIGATIONS UPON AGREEMENT TERMINATION

8.1. Run-Off Claims. Employer hereby acknowledges that on the date of termination of the Agreement in accordance with the provisions of either Section 7 of this Exhibit or Section 7 of the Agreement, or on the date of a termination by Employer there may be an undetermined but substantial number of Claims for services rendered or furnished prior to that date which have not been submitted to TX Health Benefits Pool for reimbursement and also an undetermined but substantial number of Claims submitted for reimbursement which have not been paid by TX Health Benefits Pool ("Run-Off Claims"). Employer shall be responsible for the reimbursement of all Run-Off Claims, whether or not such Claims have been submitted, or whether or not Claim Payments for such Claims have been made by TX Health Benefits Pool, as of the date of termination or termination of Covered Employees but not the Agreement, including, but not limited to, Claim Payments made in accordance with MSP laws, and for the payment of the Termination Administrative Charge and any other applicable service charges indicated in the Fee Schedule or the most current Group BPA Form, and any applicable Supplemental Charge(s) pursuant to the processing of such Claims after the Agreement's termination date or date of termination of Covered Employees but not the Agreement.

8.2. Corresponding Employer Payments. In consideration of TX Health Benefits Pool's continuing to make Claim Payments in accordance with Section 4 of this Exhibit for Run-Off Claims Employer shall continue to make Employer Payments for all such Claims paid by TX Health Benefits Pool up to the final settlement outlined below.

8.3. Final Settlement. A final settlement shall be made within sixty (60) days after the last day of the Run-Off Period. This final settlement shall compare Employer Payments against the Claim Settlement Totals for all Run-Off Claims paid up to the date of the final settlement. The difference shall be paid or applied as set forth in Section 6 of this Exhibit. However, if Employer Payments exceed the Claim Settlement Totals for all Run-Off Claims paid up to the final settlement, TX Health Benefits Pool shall pay such difference to Employer after applying the difference against amounts, if any, then owed to TX Health Benefits Pool by Employer. After the final settlement, TX Health Benefits Pool shall be released from any further liability for Claim Payments and Claim adjustments under the Agreement, and as of the date Employer shall assume full liability and responsibility for all further administration of Claim Payments. Further, after the final settlement, any refunds resulting from Claim adjustments for Overpayments, regardless of when such adjustments occurred shall be retained by TX Health Benefits Pool and Employer shall have no liability for any charges associated with any adjustments.

8.4. Uncashed Funds. As of the date of termination of the Agreement and during the Run-Off Period, any outstanding funds that are or become "stale" (over 365 days old) will be escheated to the state of payee's last known address by TX Health Benefits Pool, on Employer's behalf, in accordance with TX Health Benefits Pool's established procedures and/or the applicable state's unclaimed property law.



CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 2.a.

Agenda Item: Consider adopting Resolution 2025-16, Intent to establish a Property Assessed Clean Energy (PACE) Program in Huntsville.

Initiating Department/Presenter: City Manager

Presenter:

Sam Masiel, Assistant City Manager

Recommended Motion: Move to adopt Resolution 2025-16, Intent to establish a Property Assessed Clean Energy (PACE) Program in Huntsville.

Strategic Initiative: Strategic Priority #2: Economic Development

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Leonard Schneider

Sam Masiel

Scott Swigert

Kristy Doll

Associated Information:

1. 05.20.2025 Intent Resolution Staff Report - City of Huntsville
2. Resolution No. 2025-16
3. 05.20.2025 LSP Annual Report 2024

AGENDA ITEM

DATE: May 20, 2025

TO: CITY OF HUNTSVILLE CITY COUNCIL

SUBJECT: Approval Of A Resolution Of Intent To Establish A City of Huntsville Property Assessed Clean Energy ("PACE") Program; And Authorizing Related Actions

RECOMMENDATION:

It is recommended that the City Council adopt a resolution related to the intent to form the City of Huntsville Property Assessed Clean Energy Program ("City of Huntsville PACE") and authorize the Mayor or designee thereof, to execute all documents and take any actions necessary and appropriate to carry out the intent of this resolution.

BACKGROUND:

PACE is an innovative way to finance energy efficiency, water efficiency, and renewable energy upgrades for commercial, industrial, and large multifamily (5 or more units) real property. Property owners who participate in the program repay the financings through a voluntary contractual assessment placed on their property. One of the most notable characteristics of PACE programs is that the financing is attached to the property rather than belonging to an individual. Therefore, when the owner sells the property, the financing may be paid off during the sale, or stay with the property and be transferred to the new owner, who also benefits from the completed upgrades.

PACE financing enables businesses to avoid the upfront costs of energy and water efficiency improvements. PACE financings can be paid over a long period of time while energy costs are simultaneously lower, which typically provides the property owner with immediate net savings. PACE overcomes challenges that have hindered adoption of energy and water efficiency for many property owners. The debts, liabilities and obligations incurred as part of the PACE Program do not constitute debts, liabilities or obligations of the City of Huntsville.

ANALYSIS OF THE PACE PROGRAM:

Participation in this program is voluntary and offers property owners a cost-effective means of making energy and water efficiency improvements to their property. Property owners repay the financing over a period of years reflecting the useful life of the improvements.

The benefits to the property owner include:

- Helps Lower Electric, Gas and Water Utility Bills
- 100% Financing on Hard and Soft Costs
- Typically Results in Savings From Day One
- Increases Property Value
- Results in More Comfortable Buildings and Improved Indoor Air Quality
- Lowers Carbon Footprint and Improves the Environment
- Provides Long-Term Funding and Results in Immediate Benefit to Cash Flow
- Offers a Range of Accounting Treatments

The benefits to the City include:

- Supports Commercial Businesses with No Cost, Liability, or Administration to the City
- Upgrades the Efficiency and Competitiveness of Existing Building Stock
- Helps Attain Energy and Water Efficiency Goals
- Increases Commercial Property Values and Improves Tax Base
- Creates Jobs for Local Contractors, Manufacturers and Engineering Firms

FISCAL IMPACT:

Consenting to the inclusion of properties within the City limits in the PACE Program does not negatively impact the city's general fund.

ATTACHMENTS:

- 1) Proposed Resolution Of Intent To Establish A City of Huntsville Property Assessed Clean Energy (“PACE”) Program; And Authorizing Related Actions
- 2) Report Required by Texas Local Government Code Section 399.009

Respectfully submitted,
Name

RESOLUTION NO. 2025-16
CITY OF HUNTSVILLE CITY COUNCIL
RESOLUTION OF INTENT
TO ESTABLISH A CITY PACE PROGRAM

STATE OF TEXAS §
 §
CITY OF HUNTSVILLE §

WHEREAS The 83rd Regular Session of the Texas Legislature enacted the Property Assessed Clean Energy Act, Texas Local Government Code Chapter 399 (the “PACE Act”), which allows the governing body of a local government, including a city, to designate an area of the territory of the local government as a region within which an authorized representative of a local government and the record owners of commercial, industrial, and large multifamily residential (5 or more dwelling units) real property may enter into written contracts to impose assessments on the property to repay the financing by the owners of permanent improvements fixed to the property intended to decrease water or energy consumption or demand; and

WHEREAS the installation or modification by property owners of qualified energy or water saving improvements to commercial, industrial, and large multifamily residential real property in the City of Huntsville (“City of Huntsville” or “City”) will further the goals of energy and water conservation without cost to the public; and

WHEREAS the City Council finds that financing energy and water conserving projects through contractual assessments (“PACE financing”) furthers essential government purposes, including but not limited to, economic development, reducing energy consumption and costs, and conserving water resources; and

WHEREAS the City Council, subject to the public hearing scheduled as provided below, at which the public may comment on the proposed program and the report issued contemporaneously with this resolution, finds that it is convenient and advantageous to establish a program under the PACE Act and designate the entire geographic area within the City’s jurisdiction as a region within which a City of Huntsville authorized representative and the record owners of qualified real property may enter into PACE financing arrangements:

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS THAT:

SECTION 1. The Recitals to this Resolution are true and correct and are incorporated into this Resolution for all purposes.

SECTION 2. The City of Huntsville hereby adopts this Resolution of Intent and finds that financing qualified projects through contractual assessments pursuant to the PACE Act is a valid public purpose.

SECTION 3. The City of Huntsville intends to make contractual assessments to repay PACE financing for qualified energy or water conserving projects available to owners of commercial, industrial, and large multifamily residential real property. The program is to be called the City of Huntsville Property Assessed Clean Energy Program (“City of Huntsville PACE”).

SECTION 4. The following types of projects are qualified projects for PACE financing that may be subject to such contractual assessments: Projects that (a) involve the installation or modification of a permanent improvement fixed to privately owned commercial, industrial, or residential real property with five (5) or more dwelling units, and (b) are intended to decrease energy or water consumption or demand, including a product, device, or interacting group of products or devices on the customer’s side of the meter that uses energy technology to generate electricity, provide thermal energy, or regulate temperature.

An assessment may not be imposed to repay the financing of facilities for undeveloped lots or lots undergoing development at the time of the assessment or the purchase or installation of products or devices not permanently fixed to real property.

SECTION 5. The boundaries of the entire geographic area within the City of Huntsville’s jurisdiction are the boundaries of the region where PACE financing and assessments can occur.

SECTION 6. Financing for qualified projects under the PACE program will be provided by qualified third- party lenders chosen by the owners. Such lenders will execute written contracts with a City’s authorized representative to service the assessments, as required by the PACE Act. The contracts will provide for the lenders to determine the financial ability of owners to fulfill the financial obligations to be repaid through assessments, advance the funds to owners on such terms as are agreed between the lenders and the owners for the installation or modification of qualified projects, and service the debt secured by the assessments, directly or through a servicer, by collecting payments from the owners pursuant to contracts executed between the lenders and the owners. The lender contracts will provide that the City of Huntsville will maintain and continue the assessments for the benefit of such lenders and enforce the assessment lien for the benefit of a lender in the event of a default by an owner. The City of Huntsville will not, at this time, provide financing of any sort for the PACE program.

SECTION 7. The City of Huntsville will contract with qualified organizations to be independent third-party Authorized Representatives. Third-party Authorized Representatives

will comply with the City’s administrative standards and certify to the City that the underwriting requirements and technical standards are satisfied in each PACE project.

SECTION 8. The report on the proposed PACE program prepared as provided by Tex. Local Gov’t Code Sec. 399.009, is available for public inspection on the Internet website of the City of Huntsville and in the City of Huntsville Service Center Complex, 448 State Highway 75 North, Huntsville, Texas 77320 and is incorporated in this resolution and made a part hereof for all purposes.

SECTION 9. The City of Huntsville’s City Council will hold a public hearing on the proposed PACE program and report on June 3, 2025, at 6:00 p.m. at the City of Huntsville Service Center Complex, 448 State Highway 75 North, Huntsville, Texas 77320.

Passed, Approved, and Adopted this 20th day of May 2025.

THE CITY OF HUNTSVILLE

Russell Humphrey, Mayor

ATTEST:

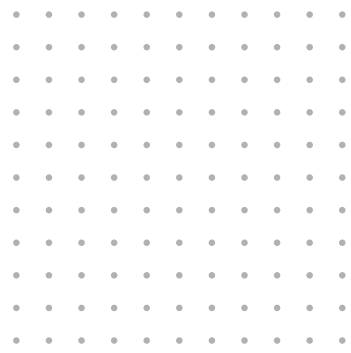
APPROVED AS TO FORM:

Kristy Doll, City Secretary

Leonard Schneider, City Attorney



LONE STAR
— PACE —



2024

ANNUAL REPORT

www.LoneStarPACE.com

The Lone Star PACE Difference

Administering Financing Solutions for a More Sustainable Texas

Commercial Property Assessed Clean Energy (C-PACE) financing enables energy efficiency, water conservation and renewable energy improvements to commercial properties.



ANNUAL REPORT

2024

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Administering Financing Solutions for a More Sustainable Texas

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SECTION I

Message from the President

**Lee A. McCormick**President,
Program Administrator

We firmly believe that embracing C-PACE presents a significant opportunity to enhance inclusive prosperity and sustainability across our great state.

On behalf of Lone Star PACE (LSP) and our dedicated staff, it is with great pleasure that I present our 2024 Annual Report. This report serves as a comprehensive overview of the notable accomplishments and activities undertaken by our team throughout the past year.

Lone Star PACE operates as an administrator of the Commercial Property Assessed Clean Energy (C-PACE) program in Texas. Our primary goal is to advance investment in commercial real estate utility conservation measures and technologies. LSP collaborates closely with local governments, project sponsors, capital providers and policymakers to further the state's energy and water conservation goals while simultaneously supporting economic development through these public benefit projects.

This year presented an opportune moment for C-PACE to play a more significant role in promoting sustainability while also assisting property owners with their capital needs. As climbing interest rates continued to create shifts in the capital markets, senior lenders scaled back their commitments and reduced funding amounts for transactions. C-PACE emerged as an appealing complement to senior loans, offering an attractive alternative that has been met with acceptance from developers, property owners and senior lenders.

As a result of these external dynamics, education and outreach efforts within new and participating communities became increasingly critical. Notably, Lone Star PACE expanded its reach by adding two counties to our list of service areas. Furthermore, we witnessed substantial growth in activity, successfully completing 11 C-PACE projects while supporting others at various stages of development.

LSP also played a role in the Keeping PACE in Texas Technical Standards Working Group — a coalition of stakeholders responsible for developing updated standards and guidance for C-PACE implementation in our state. Our primary objective is to encourage the adoption of consistent standards for C-PACE financing while giving local governments the flexibility to tailor their programs to meet specific needs, so long as they remain aligned with current legislation. Most recently, the KPT Working Group approved an increase to the loan-to-value ratio for C-PACE projects from the previous limit of 25% to a new cap of 35%, a move that aligns Texas with the rest of the nation and is expected to drive increased demand.

Education and engagement with our valued C-PACE stakeholders remained a central focus in 2024. We organized a series of online and in-person meetings as well as training seminars that attracted participants from

all corners of our state. These events included webinars and educational sessions catering to a diverse range of stakeholders, including Economic Development Corporations, Chambers of Commerce, developers, property owners, lenders, contractors and other influential community members. We also communicated the value and benefits of C-PACE by participating in various panel discussions.

Our digital marketing efforts played an instrumental role in reaching a wide array of stakeholders in the communities we serve. We strengthened outreach by sending targeted email newsletters and growing our LinkedIn audience by more than 175%. We also launched new products, including our expert interview series “In Conversation with Lone Star PACE,” where we unpacked market trends by interviewing industry stakeholders. Finally, our firm had the honor of being featured in the award-winning public TV series “Viewpoint with Dennis Quaid,” allowing us to reach millions of viewers who may have been unfamiliar with C-PACE.

Throughout the year, LSP remained steadfast in our mission to underscore the economic and environmental advantages of the C-PACE program

in Texas. We firmly believe that embracing C-PACE presents a significant opportunity to enhance growth and sustainability across our great state. Our commitment to advocating for the broader adoption of C-PACE across Texas will continue to drive us in 2025.

In closing, it is important to recognize that each of us plays a role in reducing our environmental impact and creating a more sustainable world. Small actions, collectively undertaken, can yield substantial results. The purpose of this annual report is twofold: to showcase the remarkable progress that has been achieved and to inspire increased engagement and action from both the public and private sectors. While we take pride in our accomplishments to date, we remain acutely aware that much work remains. Our collective efforts are laser-focused on driving long-term, systemic change that benefits individuals, communities and our planet.

By working together and harnessing the power of collaboration, we are poised to create a more sustainable and prosperous future for all residents of our beloved Texas.

Thank you for your unwavering support and commitment to our shared vision.

SECTION II

C-PACE Overview

Commercial Property Assessed Clean Energy (C-PACE) is an innovative financing mechanism designed to help commercial property owners in Texas fund energy efficiency, water conservation and renewable energy projects.

The Texas PACE Act was signed into law by former Gov. Rick Perry in 2013. The legislation allows local governments to establish C-PACE programs, providing a framework for public-private partnerships that make sustainable upgrades more accessible. Since its inception, C-PACE has grown in popularity across the state, offering a practical path to achieving the state's energy and water conservation goals while fostering economic development and environmental stewardship.

Given the size of Texas and the potential for C-PACE to make a significant impact on energy and water consumption, it is prudent to have multiple program administrators that can facilitate existing programs and help local governments establish new ones. The intricacies of C-PACE financing require personalized attention to ensure compliance. Expanding the program's reach fosters economies of scale while improving overall outcomes, which incentivizes administrators to deliver the utmost service and support.

At Lone Star PACE, we believe the broad application of C-PACE aligns with Texas' legacy of leadership in innovative economic practices. As a program administrator, we remain committed to growing the C-PACE program statewide so that all municipalities can realize the public benefits of this forward-thinking program.



A. Benefits to Local Government

C-PACE financing benefits local governments by expanding the tax base through increased property values, promoting economic development and supporting sustainability goals. It also enables property owners to make energy efficiency, water conservation and renewable energy upgrades to their properties, which may lower operating costs and increase a property's overall efficiency and marketability. As a result, C-PACE-upgraded properties often have a higher resale value, making them more attractive to buyers and tenants.

When properties are worth more, they generate more property tax revenue for local governments. This provides a stable source of funding for essential public services, such as schools, infrastructure and public safety, which in turn can improve the overall quality of life for the community. Furthermore, improved property values can also lead to an increase in economic development, as more businesses and individuals are drawn to the area. This creates employment opportunities in the clean energy and construction sectors while also generating tax revenues and fostering a more vibrant community.

In addition to an increased tax base, C-PACE also benefits local governments by addressing sustainability goals and promoting environmental stewardship, which can further boost the reputation of the community and spur additional investments. Overall, C-PACE financing is a win-win for both property owners and local governments, as it not only promotes energy efficiency and lowers costs for property owners but also improves local communities without using taxpayer funds.



B. Benefits to Property Owners

C-PACE empowers owners of new and existing properties in Texas to undertake energy efficiency, water conservation and renewable energy improvements that may be financially impractical otherwise. The program rewards property owners for exceeding code and providing the public benefit of building efficiency.

Property owners and developers who leverage C-PACE can access long-term, low-cost financing that is secured via a voluntary assessment on the property. This approach helps overcome the high upfront costs of sustainability improvements while allowing property owners to enjoy savings on utility bills and increased building values.

For Texas property owners, C-PACE provides an affordable and efficient way to modernize their buildings, reduce operational costs and meet sustainability goals while supporting local economic growth.



SECTION III

2024 Highlighted Projects



1. PANDA BIOTECH

Date of Assessment	April 11, 2024
C-PACE Municipality	Wichita County
C-PACE Assessment	\$13.4M
Project	Industrial Renovation
Improvements	Envelope, HVAC, Plumbing, Domestic Hot Water, Lighting Systems & Controls
Utility Savings	2,732,769 kWh/yr (68% reduction), 3,829 KGal/yr (94% reduction)

Project Overview

Established with a mission to develop eco-friendly solutions, Panda Biotech uses cutting-edge technology to extract industrial-grade plant fiber. C-PACE financing allowed the company to repurpose a 500,000-square-foot industrial facility that adheres to the Panda Biotech mission of manufacturing products using sustainable practices. The ability to process 22,000 pounds of fiber per hour makes the Panda Gin the largest industrial plant textile processing facility in the western hemisphere and second largest in the world.

Impact

By obtaining C-PACE financing, the property owner was able to upgrade the building envelope, HVAC, plumbing, domestic hot water, lighting systems and controls, which enabled Wichita County to further its sustainability and economic development goals while minimizing demand on the Texas electrical grid. The improvements are expected to improve the property's annual electricity and water consumption by 68% and 94%, respectively.



2. THOMPSON HOTEL & RETAIL

Date of Assessment	May 31, 2024
C-PACE Municipality	Harris County
C-PACE Assessment	\$46.6M
Project	Mixed-Use New Construction
Improvements	Envelope, HVAC, Plumbing, Domestic Hot Water, Lighting Systems & Controls
Utility Savings	951,214 kWh/yr (15% reduction), 1,604 KGal/yr (66% reduction)

Project Overview

The Thompson Hotel anchors The Allen, a luxury mixed-use destination spearheaded by international real estate development and investment firm DC Partners. The adjacent mixed-use pavilion includes retail, fine dining, and a health and fitness club, all overlooking Houston’s Buffalo Bayou Park.

Impact

By obtaining C-PACE financing, the property owner was able to upgrade the building envelope, HVAC, plumbing, domestic hot water, lighting systems and controls, which enabled Harris County to further its sustainability and economic development goals while reducing demand on the Texas electrical grid. The improvements are expected to reduce the property’s annual electricity and water consumption by 15% and 66%, respectively.

3. HALL ARTS HOTEL

Date of Assessment	August 15, 2024
C-PACE Municipality	Dallas County
C-PACE Assessment	\$27M
Project	Hospitality Recapitalization
Improvements	Envelope, HVAC, Plumbing, Lighting Systems & Controls
Utility Savings	597,817 kWh/yr (12% reduction), 149,566 MMBtu/yr (75% reduction)

Project Overview

HALL Arts Hotel is a 183-key property located in the heart of the Dallas Arts District, featuring privately curated art collections throughout. The hotel is also home to Ellie’s Restaurant & Lounge, an award-winning dining destination.

Impact

By obtaining C-PACE financing, the property owner was able to recapitalize previously installed improvements to the building’s envelope, HVAC, electrical and lighting, and plumbing infrastructure. The improvements are expected to cut the property’s annual electricity and natural gas consumption by 12% and 75%, respectively.



4. VIVA CENTER

Date of Assessment	September 9, 2024
C-PACE Municipality	Harris County
C-PACE Assessment	\$40M
Project	Data Center Retrofit
Improvements	Envelope, Electrical/Lighting, HVAC and Plumbing
Utility Savings	4,742,518 kWh/yr (11% reduction), 156 KGal/yr (69% reduction)

Project Overview

ViVa Center is a 2.3-million-square-foot technology hub in Houston that was the former headquarters for Compaq Computer and Hewlett-Packard Enterprise. The facility at full buildout will include a 774,000-square-foot data center that will cater to hyperscale users in the cloud computing and artificial intelligence sectors.

Impact

By obtaining C-PACE financing, the property owner was able to upgrade the building envelope, electrical and lighting systems, HVAC and plumbing, which enabled Harris County to further its sustainability and economic development goals. The improvements are expected to reduce the property's annual electricity and water consumption by 11% and 69%, respectively.



5. MEADOWPARK TOWER

Date of Assessment	September 10, 2024
C-PACE Municipality	Dallas County
C-PACE Assessment	\$3.5M
Project	Office Renovation
Improvements	Envelope, Electrical/Lighting, HVAC, Plumbing
Savings	1,021,416 kWh/yr (25% reduction), 203 KGal/yr (28% reduction), 1,199 MMBtu (42% reduction)

Project Overview

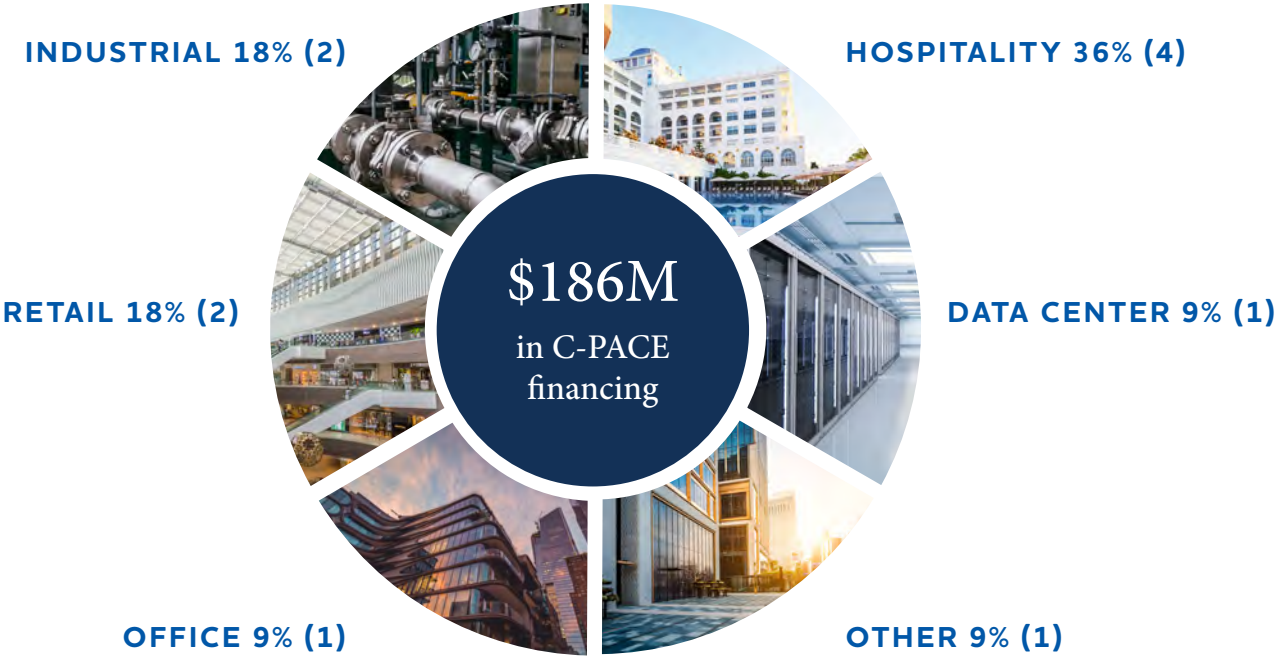
Meadow Park Tower is a 263,000-square-foot, 15-story, multitenant office building in the heart of North Dallas. The building was constructed in 1986 and renovated in 2016. A subsequent renovation of the building’s interior and exterior began in 2022 and included the installation of sustainable improvements that qualified for C-PACE financing. These improvements contributed to stabilizing the building’s occupancy at 90%.

Impact

By obtaining C-PACE financing, the property owner was able to upgrade the building envelope, electrical and lighting systems, HVAC and plumbing systems, which enabled Dallas County to further its sustainability and economic development goals while reducing demand on the Texas electrical grid. The improvements are expected to cut the property’s annual electricity, water and natural gas consumption by 25%, 28% and 42%, respectively.

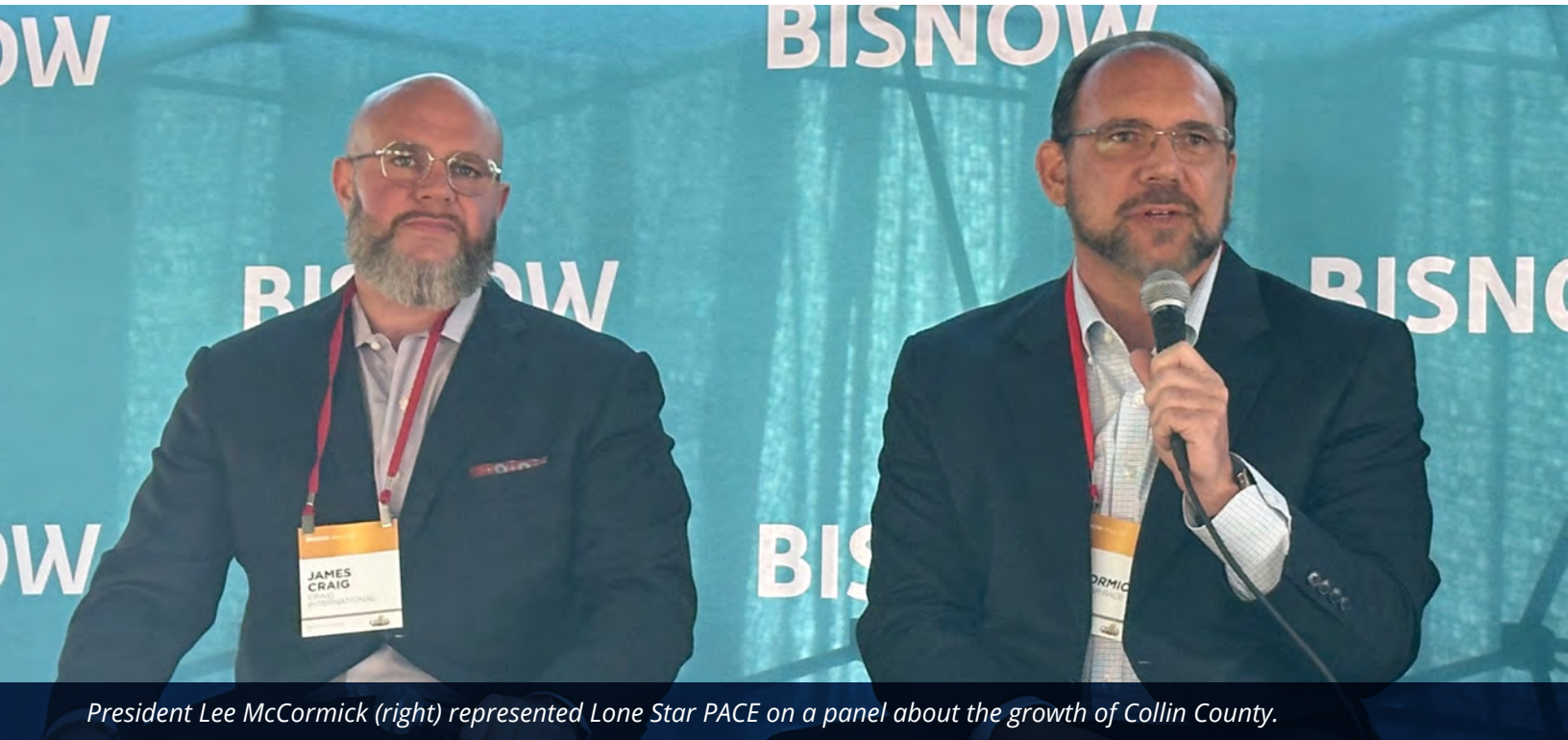


2024 Closed Projects by Type



SECTION IV

Strategic Outreach



President Lee McCormick (right) represented Lone Star PACE on a panel about the growth of Collin County.

Throughout 2024, Lone Star PACE was actively engaged in promoting and educating diverse stakeholders about the C-PACE program.

Outreach endeavors targeted prominent organizations, such as the Counselors of Real Estate, Texas Economic Development Council and the Council of Development Finance Agencies, as well as various development groups, architecture firms and capital providers.

Our team delivered presentations, held meetings and participated in speaking engagements to illustrate how Chambers of Commerce and Economic Development Corporations can effectively use C-PACE to encourage growth and improve properties within their communities. One-on-one conversations were prioritized to ensure individuals involved in the project lifecycle felt confident about the process and were equipped with the knowledge to execute a C-PACE project effectively.

In addition to in-person meetings and speaking engagements, Lone Star PACE was able to reach millions of households by participating in “Viewpoint with Dennis Quaid,” a public TV series highlighting important contemporary topics including business, technology and culture. Our episode explored the push for sustainability in commercial real estate and how C-PACE financing fits into this new, environmentally conscious landscape.

Our commitment to advancing the C-PACE program in Texas remains steadfast. We continue to educate and communicate with various stakeholders, enabling them to harness the full potential of C-PACE, improve utility efficiency and pave the way for greater economic success.



A. Local Government

Lone Star PACE continued to support municipalities that have established a C-PACE program and selected LSP as an administrator. We also fostered new connections with cities and counties interested in C-PACE. We proactively engaged with developers and property owners seeking information or clarification on C-PACE financing. Notably, we focused on building partnerships with Economic Development Corporations and Chambers of Commerce within our service areas, emphasizing the synergy between sustainability and economic development. These efforts have established trust and resulted in regular inquiries from EDCs and Chambers about program utilization.



COO Glenn Silva (right) speaks alongside EDC and elected officials.

B. Capital & Service Providers



President Lee McCormick (right) meets with C-PACE capital providers in New York City.

Recognizing the significance of capital providers and service providers in promoting access to C-PACE financing, Lone Star PACE actively collaborated with these stakeholders.

We held technical webinars aimed at educating service providers on the value of C-PACE financing in construction projects. We also bolstered relationships with service and capital providers through our expert interview series, In Conversation with Lone Star PACE, where we spoke with relevant stakeholders about market trends and how their services advance the use of C-PACE. Finally, we worked closely with our capital provider partners to facilitate C-PACE projects and to improve the program's guidelines as part of the Keeping PACE in Texas working group.



COO Glenn Silva meets with industry stakeholders at a commercial real estate networking event.

C. Property Owners & Businesses

Many property owners and businesses may not be fully aware of the benefits and opportunities available through C-PACE financing. Through extensive outreach efforts that included informational newsletters, monthly webinars, weekly insights articles and expert interviews, we educated thousands of stakeholders, shedding light on the advantages of C-PACE and its potential economic and environmental impact.

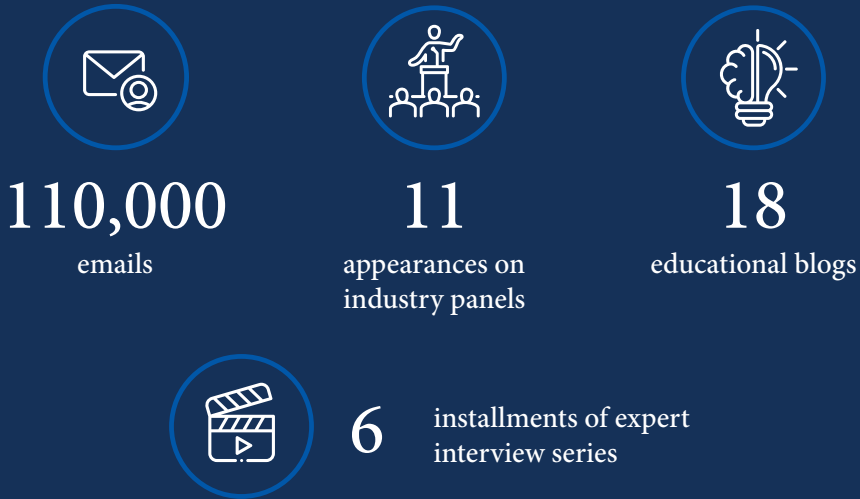
By forging strong relationships and offering guidance, we've created an efficient process for commercial property owners to obtain C-PACE financing and successfully execute their projects.



Throughout 2024, the Lone Star PACE team traveled 9,200 miles to hold more than _____



Professional marketing included more than _____



Which resulted in more than _____

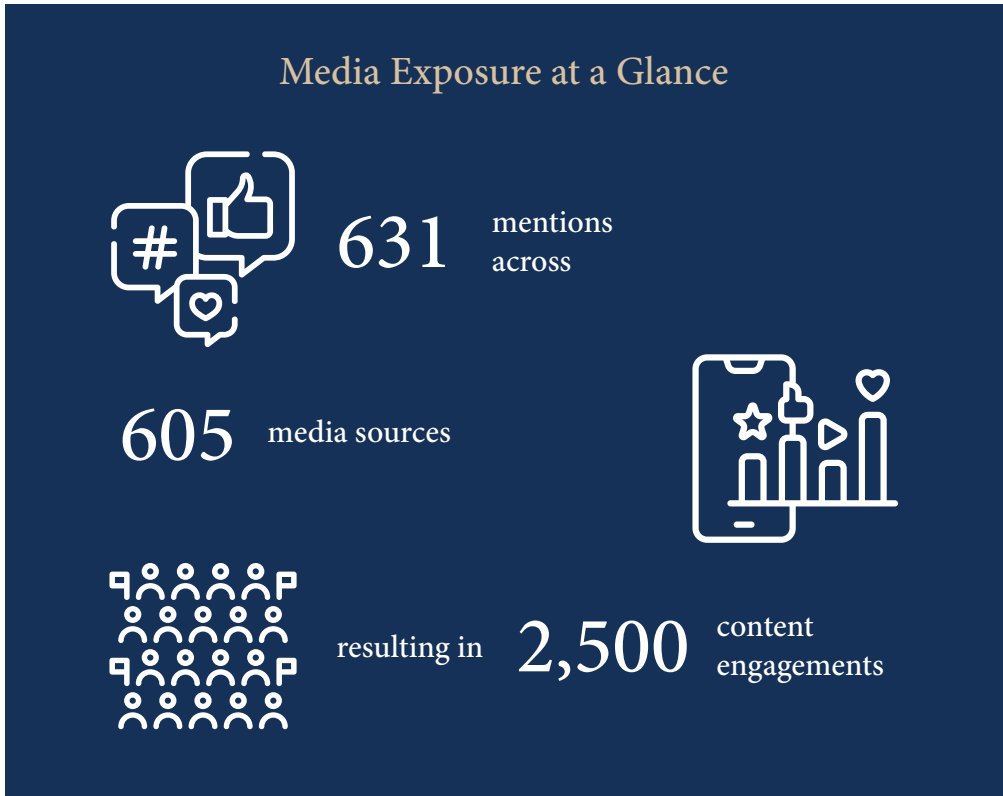


D. Lone Star PACE in the News

In 2024, Lone Star PACE earned significant media attention for our project facilitation and commitment to sustainability. Through strategic marketing efforts, we successfully positioned ourselves as a trusted partner for stakeholders looking to implement efficiency upgrades.

Our marketing campaigns combined compelling storytelling with data-driven strategies to amplify our mission. By highlighting the tangible benefits of C-PACE financing, we connected with diverse audiences and fostered meaningful relationships with the communities we serve.

This proactive approach garnered coverage in local, regional and national outlets across a diverse range of mediums. Media coverage about Lone Star PACE underscored our commitment to enabling cost-saving efficiency improvements while creating economic and environmental benefits across Texas.



Featured Headlines

Lone Star PACE activity was covered by several prominent news outlets in 2024.

Yahoo Finance

Lone Star PACE Profiled in Award-Winning TV Series Hosted by Dennis Quaid

Dallas Business Journal

Luxury hotel in Dallas Arts District secures in \$27M retroactive C-PACE financing

Bisnow

\$40M C-PACE Loan Funds Data Center Development At Former Compaq Campus

Morningstar

Lone Star PACE Closes Record-Setting Year With \$186M in C-PACE Transactions

The Real Deal

DC Partners Scores \$46M in PACE funding for Thompson hotel, retail

Viewpoint Project with Dennis Quaid

One of the most significant media milestones celebrated by Lone Star PACE in 2024 was our participation in the Viewpoint Project, an award-winning series hosted by critically acclaimed actor Dennis Quaid.

The episode, which aired on public TV stations across Texas and the U.S., explored the push for sustainability in commercial real estate. LSP President Lee McCormick and Chief Operating Officer Glenn Silva were selected to explain the significance of C-PACE financing in this new, environmentally conscious landscape.

Through this opportunity, we were able to introduce millions of viewers to C-PACE financing.



The segment also featured HALL Group's Don Braun (right) as an LSP partner and user of C-PACE.



The episode focused on the significance of C-PACE as a commercial real estate financing tool.



The segment highlighted the application and benefits of C-PACE as explained by Lone Star PACE.

SECTION V

Outcomes

A. Project & Program Expansion

Lone Star PACE experienced significant growth over the past year. We successfully completed 11 C-PACE projects totaling \$186 million in energy and water efficiency upgrades for commercial projects with a total capital investment of \$751 million.

The benefits of C-PACE are evident across Texas, particularly as more cities and counties commit to establishing the program. This growth is further reflected in the expansion of our program’s reach to 24 local government jurisdictions, demonstrating the team’s commitment to strategically paced growth.

By expanding availability and promoting C-PACE projects throughout the state, Lone Star PACE aims to ensure the benefits of these programs are shared by an increasing number of cities and counties.



Lone Star PACE established C-PACE programs for:



Fisher County

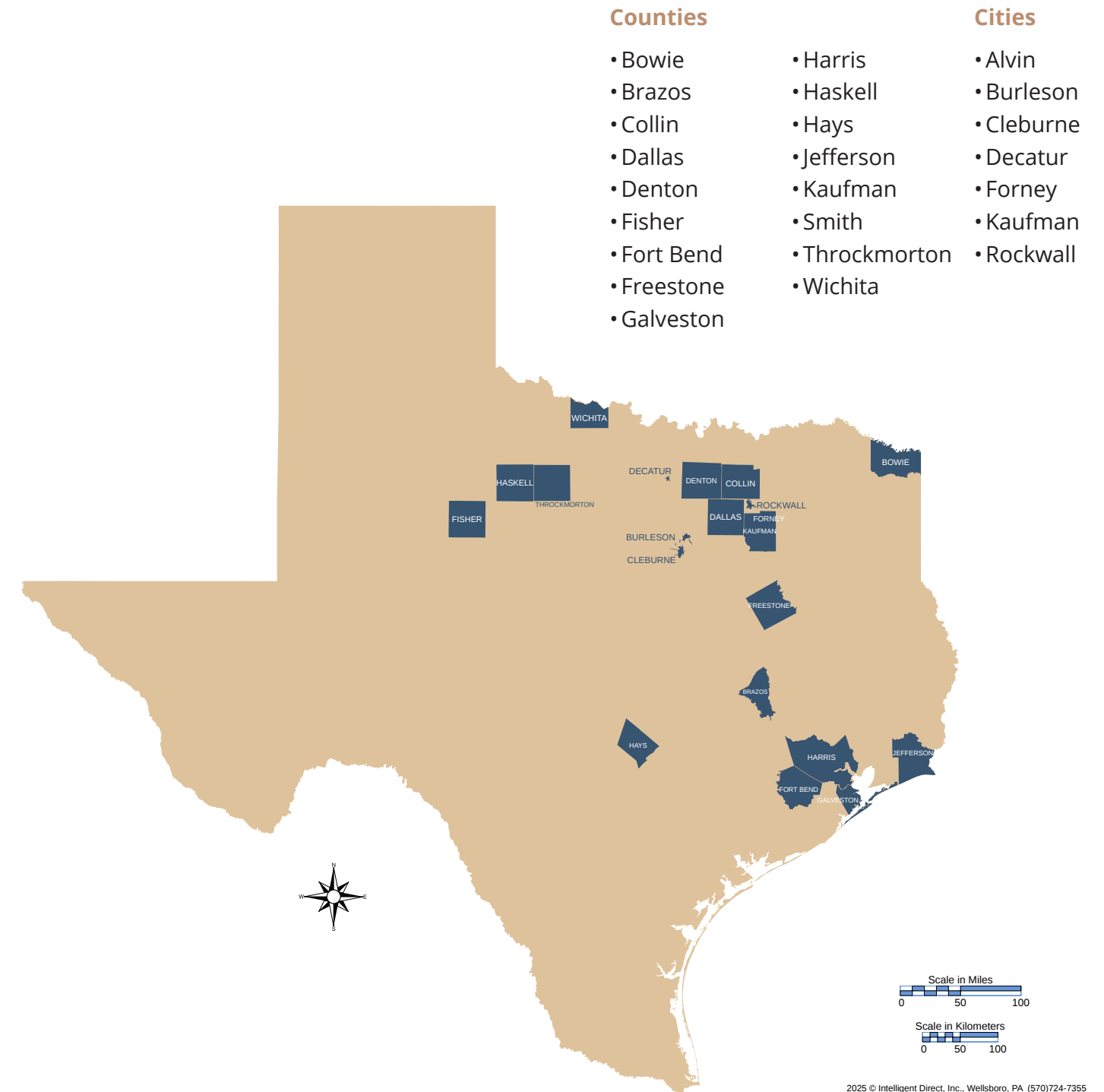
August 12



Brazos County

November 19

Areas Served by Lone Star PACE



B. Conservation Impacts

Program administration by Lone Star PACE in 2024 facilitated numerous improvements to new and existing properties, enabling investments in energy and water efficiency that may have been financially challenging otherwise. Upgrades such as efficient HVAC systems, lighting, windows, insulation, plumbing and building envelopes collectively resulted in significant energy savings of 7.2 million kWh/yr and water savings of 6,937 kGal/yr.

Utility Conservation



Energy savings were calculated at
7,180,167 kWh
per year,
which is equivalent to
4,556,129 pounds
of coal burned.

Water savings were calculated
6,937 kGal
per year,

which is equivalent to
55,496,000 16-oz
water bottles



SECTION VI

Lone Star PACE Leadership



Lee A. McCormick, President, Program Administrator

Lee is a registered Municipal Advisor with more than 35 years of experience in domestic and international finance. For the past 20 years he has served as a Program Administrator for local governments, overseeing various types of economic development and environmental financing programs.

Lee founded Lone Star PACE to serve as a Program Administrator to the cities and counties within the State of Texas that elect to implement the Commercial Property Assessed Clean Energy program. He works with government and elected officials to help them realize energy and water conservation targets via C-PACE programs in their regions.

Lee received his bachelor's degree in finance, with honors, from Sam Houston State University and his master's degree in business, with honors, from the University of Houston. He is a member of the Frisco Chamber of Commerce, the Finance Committee for Prince of Peace Christian School, PACE Nation, C-PACE Alliance and Keeping PACE in Texas, and he serves as an advisor on the Department of Energy C-PACE Working Group.



John P. Stoecker, Program Administrator

John is a registered Municipal Advisor with 35 years of mission critical and operations leadership. He has led municipal advisory services on more than 1,000 affordable housing, public benefit and economic development transactions totaling more than \$30 billion. John recently retired as a lieutenant colonel from the Air Force Reserves after serving our country in numerous leadership roles in both combat and peacetime for the last 28 years; 16 of those years as a C-130 pilot. He handles select legislative efforts in addition to working with city and county government officials.

John received his bachelor's degree from Southeastern Oklahoma State University, with honors, and his master's degree in business from the University of Southern California.



E. Glenn Silva, Chief Operating Officer

Glenn has more than 35 years of commercial real estate experience. As COO of Lone Star PACE, he oversees the company's day-to-day operations and drives marketing and growth opportunities within the cities and counties of Texas.

As President and owner of KLM Realty Advisors, Glenn specializes in real estate due diligence, underwriting and consulting. Since 2004, he has been engaged by B-Piece investors of commercial mortgage-backed securities, and the KLM team has underwritten more than \$18.5 billion in loans.

Glenn received his bachelor's degree in Agricultural Economics and his master's degree in Land Economics and Real Estate from Texas A&M University. He holds the Counselor of Real Estate (CRE) designation and is the 2025 Chair of the local DFW chapter. He is also an MAI member of the Appraisal Institute and is a Certified General Real Estate Appraiser in Texas. Glenn also serves on the Board of Directors of the Real Estate Financial Executives Association in Dallas.



Ryan D. McCormick, Program Administrator

Ryan is a registered Municipal Advisor and brings more than 10 years of experience in the mortgage and finance industry. Prior to joining Lone Star PACE, he worked as a Mortgage Loan Originator at Nation's Lending, where he facilitated loan originations in multiple states. He currently serves as a Program Administrator at Lone Star PACE, where he provides marketing and educational seminars to project sponsors, service providers, lenders, local government and stakeholders of C-PACE financing.

Ryan received his bachelor's degree in Marketing and Nonprofit Management from the University of North Texas.



M. Olivia Lueckemeyer
Director of Marketing & Media Relations

Olivia is a communications strategist and marketing professional with more than 10 years of media experience, five of which have been focused on commercial real estate. She oversees all aspects of marketing, public relations and media outreach for Lone Star PACE. Olivia is responsible for building and managing the LSP brand, ensuring clear communication with key stakeholders, and driving initiatives that promote the company's mission and services.

Olivia received her bachelor's degree in Mass Communication from Loyola University New Orleans.



Jean M. Gard, Office Manager, Executive Assistant

Jean has more than 20 years of experience in tax-exempt financing programs. She spent five years overseeing the daily operations of a \$2.3 billion tax-exempt bond portfolio as a Treasury Analyst at Waste Management. In her current role, Jean keeps the LSP team on-task as the Office Manager and Executive Assistant to President Lee McCormick. Jean graduated from the Sawyer School of Business in Milwaukee, Wisconsin, after serving her country honorably in the United States Navy.

SECTION VII

Community Service

At Lone Star PACE, giving back is part of our culture

Our COO, Glenn Silva, sits on the board of the Real Estate Financial Executives Association (REFEA). We enthusiastically supported REFEA's annual golf tournament to benefit Scottish Rite Hospital. Last year's event raised \$18,000 to help the hospital continue its mission of providing free medical care to families in need.

Lone Star PACE also sponsored the Teufel Hunden Foundation's golf tournament, which raises money for families of Marines who have made the ultimate sacrifice.

Our service engagements reflect and reinforce our commitment to promoting a Texas that is sustainable and supportive to all.



COO Glenn Silva (third from left) serves on the board of Real Estate Financial Executives Association, which hosts the annual charity golf tournament.

SECTION VII

Conclusion

As we close the book on 2024, Lone Star PACE remains committed to strategically expanding the reach of the C-PACE program in Texas while delivering high-quality customer service and education to our existing municipal partners. Through deliberate, gradual growth and dedication to individualized support and education, LSP aims to ensure the success of the C-PACE program and its positive impact on communities statewide.

Continued outreach efforts are integral to our mission of educating and engaging stakeholders, such as local government officials, Chambers of Commerce, Economic Development Corporations, service providers, senior lenders, property owners and industry groups. By offering in-person and virtual opportunities to learn more about C-PACE, we hope to provide easy access to information and resources.

The momentum of C-PACE programs in Texas and beyond is promising. The escalating number of transactions and substantial project values underscore growing interest and demand for C-PACE financing among property owners and businesses. Data from PACENation reveals C-PACE transactions surpassed \$9.7 billion across 3,581 project nationwide in 2024, signifying a substantial increase over previous years.

As stewards of the C-PACE program in Texas, we are well positioned to ensure its success in the state and to advocate for its environmental and economic benefits. By emphasizing customer service, education and outreach, LSP aims to help property owners and businesses understand of the value of C-PACE and its role in accessing financing for energy-efficient, water conservation and renewable energy upgrades. This, in turn, fosters the adoption of clean energy technologies and advances the development of a more sustainable built environment in Texas.





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CITY COUNCIL AGENDA

5/20/2025

Agenda Item Number: 6.a.

Agenda Item: City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, or duties of a public officer or employee: City Manager.

Initiating Department/Presenter: City Manager

Presenter:

Scott Swigert, City Manager

Recommended Motion: Not applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Leonard Schneider

Sam Masiel

Scott Swigert

Associated Information: