



MEMORANDUM

February 10, 2014

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *Eric*
Shirley Harmon, Human Resources Director
Tammie Pitts, Assistant Human Resources Director

SUBJECT: Consideration of Cooperative Purchasing Agreement (COF 2014-0014) between the City of Brentwood, the City of Bristol, the Town of Collierville, the City of Franklin, the City of Johnson City, the City of Kingsport, and the City of Murfreesboro for the procurement of re-insurance for self-funded health insurance plans

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider a Cooperative Purchasing Agreement (“Agreement”) between the City of Franklin, City of Brentwood, City of Bristol, Town of Collierville, City of Johnson City, City of Kingsport, and the City of Murfreesboro for the procurement of re-insurance for self-funded health insurance plans in a cooperative manner.

Background

In the spring of 2013, the City of Franklin participated in a Tennessee Government Collaborative Group Purchasing Feasibility Study conducted by Sherrill Morgan. The purpose of the feasibility study was to evaluate the potential value of collaborating with other participating government organizations on the purchase of health plan services and sharing of risks.

Results of the feasibility analysis were presented to the City of Franklin and other participating government entities in August 2013. Initial findings indicated potential savings if group purchasing is pursued. Participating entities specifically identified savings opportunities for re-insurance for self-funded health insurance plans.

This Agreement establishes the terms and conditions under which the City of Franklin and other member entities will purchase re-insurance to be specified in a Request for Competitive Sealed Proposals. Johnson City will serve as the lead entity for the procurement process.

Financial Impact

The financial impact on the City of Franklin is the potential to purchase reinsurance in a more cost efficient manner. The City’s participation in this process will provide an alternative quote for the reinsurance for the self-funded health insurance plan.

Recommendation

Staff recommends approval of this Cooperative Purchasing Agreement between the City of Franklin, City of Brentwood, City of Bristol, Town of Collierville, City of Johnson City, City of Kingsport, and the City of Murfreesboro for the procurement of re-insurance for self-funded health insurance plans.

**COOPERATIVE PURCHASING AGREEMENT FOR
RE-INSURANCE FOR SELF-FUNDED HEALTH INSURANCE PLANS
City of Franklin Contract No. 2014-0014**

THIS COOPERATIVE PURCHASING AGREEMENT, (the "Agreement"), is entered into and effective as of the ____ day of _____, 2014, by, between and among the CITY OF BRENTWOOD, TENNESSEE; the CITY OF BRISTOL, TENNESSEE, the TOWN OF COLLIERVILLE, TENNESSEE; the CITY OF FRANKLIN, TENNESSEE; the CITY OF JOHNSON CITY, TENNESSEE; the CITY OF KINGSPORT, TENNESSEE; and the CITY OF MURFREESBORO, TENNESSEE, (individually a "Member Entity" and collectively the "Member Entities").

RECITALS

WHEREAS, each city Member Entity is a Tennessee municipal corporation; and

WHEREAS, each school system Member Entity is public school system of its respective municipal corporation; and

WHEREAS, each Member Entity provides a self-funded health insurance plan for its eligible employees and officials pursuant to Tennessee Code Annotated § 8-27-601 et seq. or by any other authority granted to a Member Entity; and

WHEREAS, as part of its health insurance plan each Member Entity purchases re-insurance to provide "stop loss" coverage; and

WHEREAS, it will be mutually beneficial for the Member Entities to procure their re-insurance in a cooperative manner; and

WHEREAS, Tennessee Code Annotated § 12-3-1207 authorizes the Member Entities to enter into a cooperative purchasing agreement for procurement of their re-insurance, and the Member Entities desire to enter into this Agreement for the purpose of the procurement of their re-insurance.

NOW THEREFORE, for and in consideration of the mutual promises and the benefits to be derived therefrom, the Member Entities hereby agree as follows:

1. **Purpose.** The purpose of this Agreement is to establish the terms and conditions under which the Member Entities will purchase re-insurance during one or more periods to be specified in a Request for Competitive Sealed Proposals (the "RFCSP") that will be issued pursuant to Tennessee Code Annotated § 12-3-1207 and Paragraph 3 of this Agreement.
2. **Designated Representatives.** To implement this Agreement, the City Manager or City Administrator of each Member Entity will designate one (1) or more staff persons (collectively the "Designated Representatives") to represent the Member Entity in the RFCSP process, including review and evaluation of responses to the RFCSP and negotiations

with respondents to the RFCSP. Any recommendation for acceptance or rejection of proposals received pursuant to the RFCSP will require the affirmative consent of the Designated Representatives of a majority of the Member Entities. Each Member entity will have one vote regardless of the number of its staff members appointed.

3. **Procurement Process.** The City of Johnson City will serve as the lead entity for the procurement process, and it will prepare and issue the RFCSP for re-insurance on behalf of the Member Entities. The RFCSP must be approved by the Designated Representatives of a majority of the Member Entities prior to its issuance. The responses to the RFCSP will be reviewed and evaluated by the Designated Representatives of each Member Entity. A preferred provider for the re-insurance may be recommended by affirmative consent of the Designated Representatives of a majority of the Member Entities.
4. **Purchase of Re-Insurance.** If the Designated Representatives of a majority of the Member Entities recommend a provider for the re-insurance, then each Designated Representative agrees to present the recommended provider to each respective governing body to consider approving the purchase of its re-insurance from the recommended provider that for one or more of the periods specified in the RFCSP. With the approval of their respective governing bodies, each such Member Entity will purchase from the approved provider such re-insurance as will satisfy the needs of the particular Member Entity. Member Entities are under no obligation to purchase re-insurance from said provider, but may purchase re-insurance from said provider under the terms approved by the majority.
5. **Term.** The term of this Agreement will be for a period of two (2) years commencing on the effective date as stated hereinabove.
6. **Entire Agreement.** This Agreement constitutes the entire agreement between and among the Member Entities, and no statements, promises or inducements made by any party or agent of any party that is not contained in this written Agreement will be valid or binding.
7. **Waiver.** No waiver of any term of this Agreement will be valid unless in writing and duly approved by all the Member Entities.
8. **Dispute Resolution.** The Member Entities may agree to participate in non-binding mediation in an effort to resolve any disputes arising out of or related to this Agreement. Such mediation will be optional, and no Member Entity shall be required to participate therein.
9. **Amendment, Modification or Termination.** This Agreement may not be amended, modified or terminated except by written agreement duly approved and executed by all of the Member Entities.
10. **Assignment.** The rights and obligations of each Member Entity under this Agreement are personal and may not be assigned or transferred without the prior, express and written consent of all other Member Entities.
11. **Approval by Governing Bodies.** By executing this Agreement, each Member Entity represents that the same was duly approved by its governing body.

IN TESTIMONY WHEREOF, the Member Entities have executed this Agreement, to be effective as of the day and year first above written.

CITY OF BRENTWOOD, TENNESSEE

By: _____

Title: _____

Approved as to Form:

CITY OF BRISTOL, TENNESSEE

By: _____

Title: _____

Approved as to Form:

TOWN OF COLLIERVILLE, TENNESSEE

By: _____

Title: _____

Approved as to Form:

CITY OF FRANKLIN, TENNESSEE

By: _____

Title: _____

Approved as to Form:

CITY OF JOHNSON CITY, TENNESSEE

By: _____

Title: _____

Approved as to Form:

CITY OF KINGSPORT, TENNESSEE

By: _____

Title: _____

Approved as to Form:

CITY OF MURFREESBORO,
TENNESSEE

By: _____

Title: _____

Approved as to Form:
