



**AGENDA  
REGULAR MEETING  
FREEPORT EMPLOYEE BENEFIT TRUST  
MONDAY, AUGUST 16, 2021 at 6:00 P.M.**

**Chairman:**  
Brooks Bass

**Trustees:**  
Jeff Pena  
Jerry Cain  
Mario Muraira  
Troy Brimage

**City Manager:**  
Timothy Kelty

**THE EMPLOYEE BENEFIT TRUST OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, THE 16<sup>th</sup> DAY OF AUGUST 2021, AT 6:00 P.M., AT THE FREEPORT POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD, FREEPORT TEXAS FOR THE FOLLOWING PURPOSES:**

**(425) 436-6312 AND USING ACCESS CODE 5678901#**

**OR**

**AUDIO VISUAL CONFERENCE CALL USING:  
PCs, Macs®, Chromebooks™, iOS and Android™ phones and tablets.**

**International dial-in numbers: [https://fccdl.in/i/council\\_mtg\\_081621](https://fccdl.in/i/council_mtg_081621)**

**For users wanting to view and listen to the council meeting via a web browser go to [https://join.freeconferencecall.com/council\\_mtg\\_081621](https://join.freeconferencecall.com/council_mtg_081621) enter access code 5678901# and the online meeting code is: council\_mtg\_081621.**

**OR**

**Visit the App Store or Google Play to download FreeConferenceCall. Enter the phone number, access code and online code listed above to view the meeting.**

**REMOTE PARTICIPANTS WILL NOT BE ABLE TO ADDRESS COUNCIL DIRECTLY. COMMENTS FROM REMOTE PARTICIPANTS MUST BE SENT VIA EMAIL TO [publiccomments@freeport.tx.us](mailto:publiccomments@freeport.tx.us) ANY TIME PRIOR TO, OR DURING THE MEETING ALL COMMENTS RECEIVED WILL BE READ ALOUD INTO THE RECORD.  
**CALL TO ORDER:** *The Chairman will call the meeting to order, declare a quorum if present, and declare notices legally posted pursuant to Open Meetings Act.***

**CONSENT AGENDA:** Consent Agenda items are considered to be routine in nature and may be acted upon in one motion. Any item requiring additional discussion may be withdrawn from the Consent Agenda by the Chairman or a Trustee, and acted upon separately.

1. Annual review and adoption of an Investment Policy and a list of qualified brokers that are authorized to engage in investment transactions with the City of Freeport Employee Benefit Trust. **(Ezell)**
2. Designating and Authorizing the Annual Auditors for the City of Freeport to conduct an audit for the City of Freeport Employee Benefit Trust at such time as the audit for the City of Freeport is Conducted. **(Ezell)**
3. Consideration and possible action on the approval of the Freeport Employee Benefit Trust meeting minutes from August 3, 2020. **(Wells)**

**TRUST BUSINESS – REGULAR SESSION:**

4. Consideration and possible action approving the Amendment to the Employee Benefit Trust, Declaration of Trust. **(Kelty)**
5. Consideration and possible action recommending the approval of Ordinance No. 2021-2635 amending the offering of health benefits coverage to City of Freeport Retirees. **(Ezell)**
6. Consider and Approve Renewal Proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration. **(Ezell)**

**ADJOURNMENT:**

7. Adjourn.

Items not necessarily discussed in the order they appear on the agenda. The Trust at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

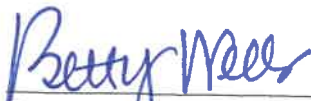
The Trust reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

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**ACCESSIBILITY STATEMENT** This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 233-3526.

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**CERTIFICATE** I certify the foregoing notice was posted in the official glass case at the rear door of the City Hall, with 24 hours a day public access, 200 West 2<sup>nd</sup> Street, Freeport Texas, before 6:00 p.m. in accordance with Open Meetings Act.

  
Betty Wells, City Secretary  
City of Freeport, Texas



## Employee Benefit Trust Agenda Item # 1

**Title:** Annual review and adoption of an Investment Policy and a list of qualified brokers that are authorized to engage in investment transactions with the City of Freeport Employee Benefit Trust.

**Date:** August 16, 2021

**From:** Cathy Ezell, Finance Director

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**Staff Recommendation:**

Staff recommends adopting the City's Investment Policy which is in accordance with Chapter 2256, Public Funds Investment, of the Texas Government Code.

**Item Summary:**

Per the Declaration of Trust, the Trustees shall adopt an investment policy for its own use and that of its agents making investments. Staff recommends adopting the same policy as the City.

**Background Information:**

In accordance with Chapter 2256, the investment policies must: be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include:

- A. a list of the types of authorized investments in which the investing entity's funds may be invested;
- B. the maximum allowable stated maturity of any individual investment owned by the entity;
- C. for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
- D. methods to monitor the market price of investments acquired with public funds;
- E. a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
- F. procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:** City's Investment Policy



# **City of Freeport, Texas Investment Policy**

Revised  
September 21, 2020

# City Freeport Investment Policy

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## I. Policy

It is the policy of the City Freeport (the “City”) to administer and invest its funds in a manner that will preserve the principal and maintain the liquidity while meeting the daily cash flow requirements of the City. The City will conform to all federal, state and local statutes, rules and regulations governing the investment of the City’s funds.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

## II. Purpose

The purpose of this policy is to provide direction for investing the funds of the City of Freeport and to comply with Chapter 2256 of the Texas Government Code (“Public Funds Investment Act”), which requires each entity to adopt a written investment policy regarding the investment of its funds and any funds under its control. The investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City’s funds.

## III. Scope

This investment policy applies to the safekeeping and investing of all financial assets of the City. These funds are accounted for in the City's Annual Financial Report and include all financial assets of all funds managed by the City, including but not limited to tax revenues, charges for services, bond proceeds, interest income, loans and funds received by the City where the City performs a custodial function. However, this policy does not apply to the assets administered for the benefit of the City by outside agencies under deferred compensation programs or other retirement programs.

## IV. General Objectives

The primary objectives, in priority order, of the City’s investment activities shall be safety, liquidity, and yield:

- A. **Safety** – Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.
  - i. **Credit Risk and Concentration of Credit Risk** – The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, and concentration of credit risk, the

risk of loss attributed to the magnitude of investment in a single issuer, by:

- Limiting investments to the safest types of securities,
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and;
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

ii. **Interest Rate Risk** – The City will manage the risk that the market value of securities in the portfolio will fail due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity,
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and;
- Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.

B. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds. Additionally, securities held in the portfolio will have active secondary or resale markets.

C. **Public Trust** – All participants in the City’s investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City’s ability to govern effectively.

D. **Yield** – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is restricted to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

E. **Investments held to Maturity** - Securities shall not be sold prior to maturity with the following exceptions:

- 1) A security with declining credit may be sold early to minimize loss of principal.
- 2) Liquidity needs of the portfolio require that the security be sold.

City Council will be informed promptly in the event that a security is sold prior to maturity.

V. **Standards of Care**

F. **Prudence** – The standard of prudence to be used by investing officials shall be the "prudent person" rule. This rule states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The determination of whether an investing official has exercised prudence with respect to an investment decision shall be applied in the context of managing an overall portfolio rather than a consideration as to the prudence of a single investment.

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control unfavorable developments.

G. **Ethics and Conflicts of Interest** – Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City any material interests in financial institutions that conduct business with the City. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. (See Exhibit B.)

Furthermore, an investment official who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment official who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required



under this subsection must be filed with the Texas Ethics Commission and the City Council.

- H. **Delegation of Authority** – Authority to manage the City's investment program is granted to the Investment Officer (s) as listed in Exhibit A. Responsibility for the operation of the investment program is hereby delegated to the Investment Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. This policy includes explicit delegation of authority to persons responsible for investment transactions. (See Exhibit A) No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officials.
  - I. **Training** – Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties and shall attend an investment training session not less than once in a two-year period and receive not less than 8 hours of instruction relating to investment responsibilities. The City shall provide the training through courses and seminars offered by professional organizations and associations to insure the quality and capability of the City's investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training included the Government Treasurer's Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, or the Texas Municipal League.
  - J. **Internal Controls** – The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the valuation of costs and benefits requires estimates and judgments by management.
- VI. **Safekeeping and Custody**
- A. **Authorized Broker/Dealers and Financial Institutions** – The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment services (Exhibit C) to the City. This list shall be reviewed, revised as necessary and adopted at least annually.

Any person or business entity wishing to be listed as authorized to provide investment services will be required to provide a certification stating the firm has received, read and understood the Entity's investment policy and agree to comply with the policy (Exhibit D). Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule), and qualified depositories. All investment providers, including financial institutions, banks, money market mutual funds, and local government investment pools, must sign a certification acknowledging that the organization has received and reviewed the Entity's investment policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Entity's policy. No security, even if otherwise authorized by this policy, may be acquired from an investment provider who has not complied with this requirement.

No securities may be acquired from entities not qualified under this section.

- B. Competitive Purchasing** – The City's policy requires competitive quotes for all individual security purchases and sales except for a) transactions with money market mutual funds and local government investment pools; b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution; and c) exceptions approved by the Investment Officer on a case by case basis. These exceptions will take into consideration the investment type, maturity date, amount to be invested, and disruption to the City's investment strategy.

Quotes may be accepted orally, in writing, electronically or in any combination of these methods.

- C. Delivery vs. Payment** – All trades apart from investment pools and mutual funds will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the City's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

## **VII. Suitable and Authorized Investments**

- A. Eligible Investments** – Assets of the City may be invested in the following instruments described below. All these investments are authorized by the Public Funds Investment Act. Only those instruments listed in this section are authorized.

1. Obligations of the United States of America, its agencies and instrumentalities
  2. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law. In addition, certificates of deposit obtained through a depository institution which are fully collateralized under a pledge agreement approved by the City are authorized investments.
  3. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) seek to maintain a net asset value of \$1.00 per share and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
  4. Local Government Investment Pools, authorized by a separate resolution, which meet the requirements of Chapter 2256.016 of the Public Funds Investment Act and are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
- B. Collateralization** – Collateralization will be required on all funds on deposit with a depository bank, other than investments. To anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest on the deposits, less an amount insured by the FDIC.

Securities pledged as collateral will be held in the City's name by an independent third party with whom the City has a current custodial agreement. The Investment Officer is responsible for entering into collateralization agreements with third party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relation to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Collateral shall be reviewed at least quarterly to assure that the market value of the pledged securities is adequate.

- C. Existing Investments** – Any investment currently held that does not meet the guidelines of this policy, but were authorized investments at the time of purchase, is not required to be liquidated; however, the City

shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not or no longer qualifies as an authorized investment.

### **VIII. Investment Parameters**

- D. Diversification** – The investments shall be diversified by security type and institution. Except for U.S. Treasury securities and authorized pools, the City will diversify the entire portfolio to comply with the investment strategy; however, in no case shall any single investment transaction be more than five-percent (5%) of the entire portfolio.
- E. Maximum Maturities** – To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three (3) years from the date of purchase. The composite portfolio will have a weighted average maturity of 365 days or less. This dollar weighted average maturity will be calculated using the stated final maturity dates of each security.

### **IX. Investment Strategies**

The City maintains separate portfolios for individual funds or groups of funds that are managed according to the terms of this Policy and the corresponding investment strategies listed in Exhibit E. The investment strategy for portfolios established after the annual Investment Policy review and adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

The City maintains a pooled fund group that is an aggregation of the majority of City funds including tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, and grants. This portfolio is maintained to meet anticipated daily cash needs for City operations, capital projects and debt service.

The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set for in this Policy.

### **X. Reporting**

- F. Methods** – The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and

transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the City Council.

- G. **Annual Audit** - The City's external independent auditor shall formally review the quarterly reports, compliance with this policy, and internal management controls over investments in conjunction with the annual financial audit. The results of the review will be reported to the City Council.
- H. **Performance Standards** - The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Investment Officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.
- I. **Marking to Market** - The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from an independent source such as the Wall Street Journal, a reputable brokerage firm or security pricing service and reported on the investment reports.

#### XI. Record Retention

Records related to the City's investment activities will be maintained as recommended by the *Texas State Library Municipal Records Manual*. The Investment Officer, in conjunction with the City Secretary is responsible for filing and storing records of investment activity.

## **Exhibits**

**EXHIBIT A**

**List of Authorized Investment Officers**

Tim Kelty, City Manager

Stephanie Russell, Finance Director

Giselle Hernandez, Accounting Specialist

**EXHIBIT B**

**Statement of Ethics and Conflicts of Interest**

Investment officials for the City Freeport shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make partial investment decisions. This would only apply to personal business relationships with business organizations that have been approved by City Council to conduct investment transactions with the City.

An investment official is considered to have a personal business relationship with a business organization if:

- (1) The investment official owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment official from the business organization exceed 10 percent of the investment official's gross income for the previous year.
- (3) The investment official has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment official.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the City Freeport, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the Freeport as of the date of this statement.

City of Freeport  
Investment Official

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title



**EXHIBIT C**

**Approved Broker/Dealers, Financial Institutions and Investment Pools**

**Broker/Dealers**

**Financial Institutions**

Texas Gulf Bank, N.A. (Primary Depository)

U.S. Bank, N.A.

**Investment Pools**

TexPool

**EXHIBIT D**

**Certification by Broker/Dealers and Financial Institutions**

(date)

City of Freeport, Texas  
Attn: Finance  
200 W. 2nd Street  
Freeport, TX 77541

Dear Ms. Russell:

This certification is executed on behalf of the City of Freeport, Texas (the Investor) and \_\_\_\_\_ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and Business Organization.

The undersigned Registered Principal of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Registered Principal of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Local Government Code) and;
2. The Registered Principal of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and;
3. The Registered Principal of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the investor's entire portfolio or requires and interpretation of the subjective investment standards.

**Registered Principal**

**Broker Assigned to the Account**

Signed By: \_\_\_\_\_

\_\_\_\_\_

Printed Name: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

## EXHIBIT E

### Investment Strategy

The City of Freeport's investment portfolio will be designed and managed to ensure that it will meet all the requirements established by the City's investment policy and the Public Funds Investment Act. The overall investment strategy outlined in the investment policy has been further refined in this investment strategy statement by the following fund types.

#### **Operating Funds:**

Operating Funds generally have greater cash flow needs than other funds types. The operating fund portfolio may consist of any approved investment type with the understanding that the financial requirements of the operating funds will dictate the maturity dates of the investment. At utmost importance is the preservation and safety of the investment principal.

Additionally each investment will be viewed for its liquidity and marketability of the investment if the need arises to liquidate the investment before maturity. The final determining factors for the investment strategy will be the diversification of the investment portfolio and the yield of the investment.

To achieve short-term needs of one (1) to one hundred and eighty (180) days, funds will be invested in approved investment pools. For longer-term needs of six (6) months to five (5) years, funds will be invested in approved investments with objectives prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) preservation and safety of principal;
- 3) liquidity;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) yield.

### **Debt Service Funds:**

The debt service requirements are semi-annual, thus allowing the investment strategy to mirror debt obligation payment dates. The strategy for debt service funds allows greater flexibility since the actual requirements are known into the future. Investments will still meet the adopted policies; however, planning maturity dates to match debt requirement dates will be the primary objective.

The investment instruments will be primarily in approved investment types with maturities at six or twelve months established to match debt requirement dates. Shorter-term investment may be used to meet these objectives and longer-term investments may be used when fund balance reserves exceed one year's debt service requirements.

To achieve this strategy the following objectives are prioritized to evaluate investment opportunities:

- 1) understanding the suitability of the investment to the financial requirements of the City Freeport;
- 2) preservation and safety of principal;
- 3) yield;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) liquidity.

### **Capital Improvement Funds:**

Bond proceeds can be invested over the life of the project; however, the exact disbursement of the funds is not always known. The investment objective of the capital improvement funds is to schedule maturities to maximize investment earnings while preserving principle. The key to an effective strategy is to be aware of the project needs and match maturities to the period funds are needed.

The investment objective for capital projects funds is still to match investment maturities with funding needs. As short-term needs are recognized investment maturities will be moved into approved investment pools to meet financial requirements. Longer-term needs will be invested with the following objectives as prioritized for capital improvement funds:

- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) preservation and safety of principal;
- 3) diversification of the investment portfolio;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

**Reserve Funds:**

Certain reserve funds have been established as required by bond covenants. The investment objective is to invest reserve funds to the extent that maturities are established to the limit of the investment policy or to the end of the bond requirements whichever is shorter.

The overall investment strategy for reserve funds will not rely on investment pools; however, the use of pools is not prohibited. Longer-term investment objectives are prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) diversification of the investment portfolio;
- 3) preservation and safety of principal;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.



## Employee Benefit Trust Agenda Item # 2

**Title:** Designating and Authorizing the Annual Auditors for the City of Freeport to conduct an audit for the City of Freeport Employee Benefit Trust at such time as the audit for the City of Freeport is Conducted.

**Date:** August 16, 2021

**From:** Cathy Ezell, Finance Director

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**Staff Recommendation:**

Staff recommends that the Employee Benefit Trust designate and authorize the annual auditors for the City of Freeport, Whitley Penn LLP, to conduct an audit for the City of Freeport Benefit Trust at such time as the audit for the City of Freeport is conducted.

**Item Summary:**

Per the Declaration of Trust, the Trustees shall arrange for an annual audit of the Trust's financial affairs by a certified public accountant.

**Background Information:**

Whitley Penn LLP is the City of Freeport's current auditors and therefore is recommended for the Employee Benefit Trust.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:** N/A

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the Freeport Employee Benefit Trust, Texas met on Monday, August 3, 2020 at 6:00 p.m. at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Brooks Bass: Absent  
Councilman Jerry Cain  
Councilman Ken Green  
Councilwoman Sandra Loeza  
Councilman Roy E. Yates

Staff: Tim Kelty, City Manager  
Laura Tolar, Asst. City Secretary/Special Projects Coordinator  
Chris Duncan, City Attorney  
Kim Townsend, Facility Supervisor  
Chris Motley, Fire Chief  
Stephanie Russell, Assistant City Manager/ Finance Director  
Billy Shoemaker, Building Department Director  
Brenda Miller-Ferguson, Human Resource Director Via teleconference  
LeAnn Strahan, Freeport Destination Director Via teleconference  
Lance Petty, Freeport Public Works Director  
Clarisa Molina, Administrator Assistant Via teleconference

Visitors: Melanie Oldham  
Manning Rollerson  
Marinell Music  
Ed Garcia  
Tommy Pearson  
Sylvia Davila  
Jeff Pena  
Ruben Renobato  
Kenneth Hayes  
Karen Downing  
David McGinty  
Sam Reyna  
Jessie Parker

Visitors Via Teleconference  
Vander Williams  
Blomquis Garcia  
Chase Eastland (Masterson)  
Drew Masterson (Masterson)  
M. Washington  
Kelle Odom (Grant Works)  
Roc Cantu  
Kristin Blomquist (Masterson)

Call to order.

Mayor Pro Tem, Sandra Loeza called the meeting to order at 6:00 P.M., she asked Assistant City Manager Stephanie Russell to explain the purpose of the Employee Benefit Trust.

Ms. Russell explained the purpose of the Employee Benefit Trust is to ensure that the premium that we pay is not taxed. She said that this allows us to benefit from the tax free on our insurance premiums.

### CONSENT AGENDA

Annual review and adoption of an Investment Policy and a list of qualified brokers that are authorized to engage in investment transactions with the City of Freeport Employee Benefit Trust.

Designating and Authorizing the Annual Auditors for the City of Freeport to conduct an audit for the City of Freeport Employee Benefit Trust at such time as the audit for the City of Freeport is Conducted.

Consideration and possible action on the approval of the Freeport Employee Benefit Trust meeting minutes from July 15, 2019.

On a motion by Councilman Cain, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved the consent agenda.

### REGULAR SESSION

Consider and Approve Renewal Proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration.

Brenda Ferguson Human Resource Director presented to council Renewal Proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration. She said that the city went out for bids in June, and we accepted proposals in July for the medical insurance. She said that staff recommends acceptance of medical insurance renewal from Cigna.

Councilwoman Loeza asked if this is a decrease in cost, and more coverage for the family. Ms. Ferguson said, Yes.

Councilman Yates said that this sounds like a win win.

On a motion by Councilman Cain, seconded by Councilman Green, with all present voting "Aye", 4-0 Council unanimously approved the Proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration.

### Adjourn

On a motion by Councilman Cain, seconded by Councilman Green, with all present voting "Aye", Mayor Pro Tem Loeza adjourned the meeting at 6:14 PM.

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Mayor Brooks Bass,  
City of Freeport, Texas

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City Secretary, Betty Wells  
City of Freeport, Texas





## Employee Benefits Trust Agenda Item # 4

**Title:** An amendment to the Employee Benefits Trust Declaration of Trust.

**Date:** August 16, 2021

**From:** Timothy Kelty, City Manager

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**Staff Recommendation:**

Staff recommends approval of the amendment.

**Item Summary:**

The Employee Benefits Trust Declaration of Trust was adopted on July 1, 2019. This proposed amendment to the Declaration of Trust removes “qualified retirees” from consideration by the Employee Benefits Trust for health insurance and/or other benefits authorized by the Trust.

**Background Information:**

Almost 10 years ago, the City of Freeport under the previous administration began offering qualified retirees the option of remaining on City’s Health Insurance policy. When the Employee Benefit Trust was established according to law in 2019 this policy was continued. It is staff’s current recommendation to end this policy. The City Attorney has indicated the necessity of amending the Declaration of Trust in order to consider this change.

**Special Considerations:**

N/A

**Financial Impact:**

The restructuring of the health insurance benefits would help better manage plan future increases in health insurance premiums.

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:** Amendment

**CITY OF FREEPORT, TEXAS EMPLOYEE BENEFIT TRUST**  
**AMENDMENT TO TRUST**

The City of Freeport, Texas is the grantor/settlor of the City of Freeport Employee Benefit Trust created under the Declaration of Trust dated July 1, 2019. The City Council of the City of Freeport, Texas serves as the trustees appointed and acting under the terms of that Declaration of Trust. Under the power reserved to the Trustees in Article IX of the Declaration of Trust, the Trustees do hereby amend the Declaration of Trust as follows:

**Paragraph I, is amended to read as follows:**

**I.**

The City of Freeport<sup>1</sup> ("City") as settlor, designates the members of the City of Freeport City Council to be Trustees and declares that the City holds in trust the funds described in Schedule A attached hereto and incorporated herein by reference, which is the property of the City and all substitutions and additions to such funds, for the purpose of providing life disability, sick accident, and other health benefits to the City's officers, employees, ~~and qualified retirees~~ and their dependents.

Whereas, "qualified retirees" is removed.

**Paragraph II is amended to read as follows:**

**II.**

**PURPOSE**

This is a nonprofit trust created for the purpose of providing City officers employees, ~~and qualified retirees~~ and their dependents with life disability, sickness, accident, and other health benefits either directly or through the purchase of insurance and to perform operations in furtherance thereof.

Whereas, "qualified retirees" is removed.

**Paragraph VI is amended to read as follows:**

**VI.**

**BENEFICIARIES**

The beneficiaries of the Trust are the City officers, employees, ~~and qualified retirees~~ and their dependents who are covered by a life, disability, sick, accident, or other health benefits plan purchased or adopted by the Trust (also called "covered persons" herein). Beneficiaries may make contributions to the Trust for use by the Trustees in fulfilling the purposes of the Trust. No beneficiary shall have any claim against the funds or any other property of the Trust.

The rights and interests of the beneficiaries are limited to the insurance or health benefits specified in any policy purchased, or plan adopted by the Trustees.

Whereas, "qualified retirees" is removed.

The Trustees hereby consent to the terms of this amendment to the Declaration of Trust. Except as amended, all other terms and provisions on the trust are to remain in full force and effect.

Dated this the \_\_\_\_\_ day of August, 2021.

\_\_\_\_\_  
Brooks Bass, Mayor/Trustee

\_\_\_\_\_  
Jeff Pena, Trustee Ward A

\_\_\_\_\_  
Jerry Cain, Trustee Ward B

\_\_\_\_\_  
Mario Muraira, Trustee Ward C

\_\_\_\_\_  
Troy Brimage, Trustee Ward D

THE STATE OF TEXAS       §

§

COUNTRY OF BRAZORIA     §

This instrument was acknowledged before me on August, \_\_\_\_\_, 2021 by Brooks Bass, Jeff Pena, Jerry Cain, Mario Muraira, and Troy Brimage, Trustees.

\_\_\_\_\_  
Laura Tolar, Notary Public, State of Texas



## Employee Benefits Trust Agenda Item # 5

**Title:** Recommending an Ordinance of The City of Freeport, Texas, Containing A Preamble; Amending the offering of health benefits coverage to City of Freeport Retirees, repealing all ordinances in conflict; Containing Savings Clauses; Containing A Severance Clause; And Providing That This Ordinance Shall Take Effect and Be in Force from And After Its Passage and Adoption.

**Date:** August 16, 2021

**From:** Cathy Ezell, Finance Director

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**Staff Recommendation:**

Staff recommends approval of the ordinance.

**Item Summary:**

This ordinance would change the policy to where health benefits would not be offered to the City of Freeport retirees. The City wants to restructure health insurance benefits to minimize costs and future increases in premiums.

**Background Information:**

Currently the City offers health benefits coverage to City of Freeport retirees. The retirees allowed to obtain health benefits of which they pay all of the premium. The City does not contribute to the premium for retirees.

**Special Considerations:**

N/A

**Financial Impact:**

The restructuring of the health insurance benefits would help better manage plan future increases in health insurance premiums.

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:**

Ordinance

**ORDINANCE NO. 2021-2635**

**AN ORDINANCE AMENDING THE OFFERING OF HEALTH BENEFITS COVERAGE TO CITY OF FREEPORT RETIREES; REPEALING ALL ORDINANCES IN CONFLICT; PROVIDING AN OPEN MEETINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City of Freeport adopted Ordinance No. 2014-2073 to provide health benefits coverage to its retirees;

**WHEREAS**, the City of Freeport established an Employee Benefits Trust pursuant to Texas Local Government Code Chapter 172, Texas Government Code Chapter 791, and the Texas Trust Code to provide health benefits coverage for employees and retirees and dependents of employees and retirees, of Texas political subdivisions under an Employee Benefits Trust;

**WHEREAS**, the City of Freeport desires not to continue to provide health benefits coverage to its retirees through the Trust.

**WHEREAS**, the City of Freeport desires not to select a plan of benefits for its retirees to be provided by Employee Benefits Trust; and

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS THAT:**

**SECTION 1:** The foregoing recitals are incorporated into this Ordinance as findings of fact.

**SECTION 2:** The City of Freeport hereby elects not to provide health benefits coverage to its retirees through the City's Employee Benefits Trust.

**SECTION 3:** The City of Freeport hereby adopts the following definition of "retiree" for purposes of this ordinance:

An employee who is under 60 years of age and has been covered by TMRS (Texas Municipal Retirement System) for at least 20 years, or an employee who is 60 years of age or older and has been covered by TMRS for at least 5 years. The employee must also work for the City of Freeport for a period of eight continuous years and meet the definition of retiree for purposes of this ordinance.

**SECTION 4:** The City of Freeport hereby does not adopt the benefit plans provided by the Employee Benefits Trust to be provided to its retirees.

**SECTION 5:** The Employee Benefits Trust provides that the Board of Trustees may adopt rules and regulations which may amend this plan in the future. Other coverage's will be as established annually by the Employee Benefits Trust Board of Trustees.

**SECTION 6:** This ordinance will apply to all individuals retiring or who have retired from the City of Freeport.

**SECTION 7:** This ordinance may be repealed or modified at any time.

**SECTION 8:** All existing City of Freeport ordinances in conflict with the provisions of this Ordinance are repealed to the extent of the conflict.

**SECTION 9:** It is hereby officially found and determined that the meeting at which this Ordinance was considered was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**SECTION 10:** This Ordinance shall be effective immediately upon its passage.

PASSED AND APPROVED on this \_\_\_\_\_ day of August, 2021.

\_\_\_\_\_  
City Secretary  
City of Freeport, Texas

\_\_\_\_\_  
Mayor  
City of Freeport, Texas

# Retiree Ordinance/Resolution

STATE OF TEXAS

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COUNTY OF Brazoria

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ORDINANCE NO. 2014-2073

**AN ORDINANCE AUTHORIZING THE OFFERING OF HEALTH BENEFITS COVERAGE TO *City of Freeport* RETIREES; REPEALING ALL ORDINANCES IN CONFLICT; PROVIDING AN OPEN MEETINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the *City of Freeport* desires to provide health benefits coverage to its retirees;

**WHEREAS**, TML MultiState Intergovernmental Employee Benefits Pool (IEBP) is a health risk pool established pursuant to Texas Local Government Code Chapter 172, Texas Government Code Chapter 791, and the Texas Trust Code to provide health benefits coverage for employees and retirees and dependents of employees and retirees, of Texas political subdivisions under an Interlocal Agreement;

**WHEREAS**, the *City of Freeport* is currently offering health benefits coverage through IEBP pursuant to Interlocal agreement and Chapter 172 of the Texas Local Government Code, both of which would allow the extension of benefits to retirees of the *City of Freeport*;

**WHEREAS**, the *City of Freeport* desires to provide health benefits coverage to its retirees through IEBP and that the cost for such coverage be paid for **by the** *City of Freeport* to a maximum of \$750 per month; Any additional amount will be the responsibility of the retiree.

**WHEREAS**, the *City of Freeport* desires to select a plan of benefits for its retirees to be provided by IEBP; and

**WHEREAS**, providing retiree coverage under IEBP Interlocal Agreement is in the best interest of the *City of Freeport*, its retirees, and the public generally;

**BE IT ORDAINED** BY THE CITY COUNCIL OF THE *City of Freeport*, Texas THAT:

**SECTION 1:** The foregoing recitals are incorporated into this Ordinance as findings of fact.

**SECTION 2:** The *City of Freeport* hereby elects to provide health benefits coverage to its retirees through IEBP under the Pool's Interlocal Agreement.

**SECTION 3:** The *City of Freeport* hereby adopts the following definition of "retiree" for purposes of this ordinance:

An employee who is under 60 years of age and has been covered by TMRS (Texas Municipal Retirement System) for at least 20 years, or an employee who is 60 years of age or older and has been covered by TMRS for at least 5 years. The employee must also work for the *City of Freeport* for a period of eight continuous years and meet the definition of retiree for purposes of this ordinance.

**SECTION 4:** The *City of Freeport* hereby adopts the following benefit plans to be provided to its retirees through IEBP:

- *The medical plan adopted for retirees which are provided for in the IEBP Pre Sixty-Five Retiree Pool Plans.*

**SECTION 5:** The Interlocal Agreement in effect between the City of Freeport and IEBP provides that the Board of Trustees may adopt rules and regulations which may amend this plan in the future. Other coverage's will be as established annually by the TML MultiState Intergovernmental Employee Benefits Pool Board of Trustees.

**SECTION 6:** This ordinance will only apply to individuals retiring after its effective date or to employees, which retired under a previous ordinance. For individuals retiring after the effective date of this ordinance to qualify they must enroll for this coverage within thirty (30) days of their retirement. This benefit will terminate when the retiree attains age 65.

**SECTION 7:** This ordinance may be repealed or modified at any time, but will remain in effect for any employee retiring while it is In effect.

**SECTION 8:** The City Secretary is hereby ordered to enter a copy of this Ordinance in the City minutes.

**SECTION 9:** All existing *City of Freeport* ordinances in conflict with the provisions of this Ordinance are repealed to the extent of the conflict.

**SECTION 10:** It is hereby officially found and determined that the meeting at which this Ordinance was considered was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**SECTION 11:** This Ordinance shall be effective immediately upon its passage.

PASSED AND APPROVED this f& day of September, 2014.

MAYOR

                     *Guyon*

ATTEST:

C. J. L. - 'fle  
City Secretary



STATE OF TEXAS

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COUNTY OF Brazoria

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**ORDINANCE NO. 2014:-2073**

**AN ORDINANCE AUTHORIZING THE OFFERING OF HEALTH BENEFITS COVERAGE TO *City of Freeport* RETIREES; REPEALING ALL ORDINANCES IN CONFLICT; PROVIDING AN OPEN MEETINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the *City of Freeport* desires to provide health benefits coverage to its retirees;

**WHEREAS**, TML MultiState Intergovernmental Employee Benefits Pool (IEBP) is a health risk pool established pursuant to Texas Local Government Code Chapter 172, Texas Government Code Chapter 791, and the Texas Trust Code to provide health benefits coverage for employees and retirees and dependents of employees and retirees, of Texas political subdivisions under an Interlocal agreement;

**WHEREAS**, the *City of Freeport* is currently offering health benefits coverage through IEBP pursuant to Interlocal agreement and Chapter 172 of the Texas Local Government Code, both of which would allow the extension of benefits to retirees of the *City of Freeport*;

**WHEREAS**, the *City of Freeport* desires to provide health benefits coverage to its retirees through IEBP and that the cost for such coverage be paid for **by the** *City of Freeport* to a maximum of \$750 per month; Any additional amount will be the responsibility of the retiree.

**WHEREAS**, the *City of Freeport* desires to select a plan of benefits for its retirees to be provided by IEBP; and

**WHEREAS**, providing retiree coverage under IEBP Interlocal Agreement is in the best interest of the *City of Freeport*, its retirees, and the public generally;

**BE IT ORDAINED BY THE CITY COUNCIL OF THE *City of Freeport*, Texas THAT:**

**SECTION 1:** The foregoing recitals are incorporated into this Ordinance as findings of fact.

**SECTION 2:** The *City of Freeport* hereby elects to provide health benefits coverage to its retirees through IEBP under the Pool's Interlocal Agreement.

**SECTION 3:** The *City of Freeport* hereby adopts the following definition of "retiree" for purposes of this ordinance:

An employee who is under 60 years of age and has been covered by TMRS (Texas Municipal Retirement System) for at least 20 years, or an employee who is 60 years of age or older and has been covered by TMRS for at least 5 years. The employee must also work for the City of Freeport for a period of eight continuous years and meet the definition of retiree for purposes of this ordinance.

**SECTION 4:** The *City of Freeport* hereby adopts the following benefit plans to be provided to its retirees through IEBP:

- *The medical plan adopted for retirees which are provided for in the IEBP Pre Sixty-Five Retiree Pool Plans.*

**SECTION 5:** The Interlocal Agreement in effect between the City of Freeport and IEBP provides that the Board of Trustees may adopt rules and regulations which may amend this plan in the future. Other coverage's will be as established annually by the TML MultiState Intergovernmental Employee Benefits Pool Board of Trustees.

**SECTION 6:** This ordinance will only apply to individuals retiring after its effective date or to employees, which retired under a previous ordinance. For individuals retiring after the effective date of this ordinance to qualify they must enroll for this coverage within thirty (30) days of their retirement. This benefit will terminate when the retiree attains age 65.

**SECTION 7:** This ordinance may be repealed or modified at any time, but will remain in effect for any employee retiring while it is in effect.

**SECTION 8:** The City Secretary is hereby ordered to enter a copy of this Ordinance in the City minutes.

**SECTION 9:** All existing *City of Freeport* ordinances in conflict with the provisions of this Ordinance are repealed to the extent of the conflict.

**SECTION 10:** It is hereby officially found and determined that the meeting at which this Ordinance was considered was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**SECTION 11:** This Ordinance shall be effective immediately upon its passage.

**PASSED AND APPROVED** this 14 day of September, 2014.

**MAYOR Norma Moreno Garcia**

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**ATTEST:**

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City Secretary



## Employee Benefit Trust Agenda Item # 6

**Title:** Consider and Approve proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration

**Date:** August 16, 2021

**From:** Cathy Ezell, Finance Director

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**Staff Recommendation:**

Staff recommends acceptance of the employee medical insurance renewal proposal Alternate 2 from Cigna, changing dental insurance carriers to Standard and renewing all other coverages with current carriers.

**Item Summary:**

**Medical Insurance Renewal:**

The City only received one bid for Medical Insurance. The bid was received from Cigna the City's current medical insurance provider.

The City looked at renewing the current level of service and two other plan alternates. Staff is recommending Alternate 2. Alternate 2 will change the base plan deductibles from \$1,000 in network/ \$2,000 out of network to \$2,000 in network/\$6,700 out of network, and change the buy-up plan deductibles from \$250 in network/\$500 out of network to \$500 in network/\$5,000 out of network. It also changes the co-pay for regular office visits on both plans from \$10 per visit to \$25 per visit.

These plan changes will help mitigate the increase in premiums. Alternate 2 is a thirty-three percent (33%) increase in premiums versus the renewal quote that was a forty-nine percent (49%) in premiums.

**Dental Insurance:**

The City received bid from Cigna, the current provider, Standard and Mutual of Omaha. After review of the bids, Standard has provided a bid that would provide a 3.36% decrease in premiums. Also, the rates provided by Standard would be guaranteed for two years.

**Vision Renewal**

VSP is the current carrier for the City's vision insurance. VSP offered to renew the City's current vision coverage at slight decrease in rate.

Life, AD&D, Long-term Disability, and Voluntary Term Life Renewal:

One America provided a renewal rate for each coverage that is equal to current rates with a two-year rate guarantee.

**Background Information:**

The City has gone out for bids for medical insurance coverage the past two years. The City has seen an increase in the number of claims over the past year. This increase in claims has driven up the cost of medical insurance.

**Special Considerations**

The City is doing everything it can to mitigate in the increased costs of health insurance claims including bringing forth plan alternatives and coverage changes.

**Financial Impact:**

Adopting these changes will increase the City's costs for health insurance costs which have been included in the proposed budget presented to City Council.

**Board or 3<sup>rd</sup> Party recommendation:**

All proposals were reviewed and compared in detail by our benefits administration team at Benefits Seminars PLUS, along with Finance Director, Cathy Ezell, City Manager, Tim Kelty, and Human Resources Specialist II, Donna Fisher.

**Supporting Documentation:**

City of Freeport Health Insurance Comparison 2021

2021 Dental Comparison for City of Freeport

VSP Renewal Letter and Proposal

One American Renewal Letter

# City of Freeport Health Insurance Comparison 2021

Provider	Plan Type	Cigna Current		Cigna Renewal		Cigna Alternate 1		Cigna Alternate 2		M
		In/Out of Network	PPD	In/Out of Network	PPD	In/Out of Network	PPD	In/Out of Network	PPD	
1										
2	Deductible (In Network)	\$250/500		\$250/500		\$250/500		\$250/500		
3	Family Deductible in Network	2X		2X		2X		2X		
4	Medical Out of Pocket	\$3000/28000		\$3000/28000		\$3000/28000		\$3000/28000		
5	Family Out of Pocket	2X		2X		2X		2X		
6	Coinurance	70/50%		70/50%		70/50%		70/50%		
7	PCP Of Visit Co-pay/Virtual (In Network)	\$10/10		\$10/10		\$10/10		\$10/10		
8	Specialist Copay (In Network)	\$0		\$0		\$0		\$0		
9	Prescription Care	\$0/Ded + 50%		\$0/Ded + 50%		\$0/Ded + 50%		\$0/Ded + 50%		
10	Lab & Xray in Copay	Yes		Yes		Yes		Yes		
11	Inpatient Hospital	Ded + 30/50%		Ded + 30/50%		Ded + 30/50%		Ded + 30/50%		
12	Urgent Care	Ded + 30/50%		Ded + 30/50%		Ded + 30/50%		Ded + 30/50%		
13	Emergency Room	Ded + 30%		Ded + 30%		Ded + 30%		Ded + 30%		
14	Prescription Drugs									
15	30 Day Supply	\$10/40/65		\$10/40/65		\$10/40/65		\$10/40/65		
16	Mail order	3X		3X		3X		3X		
17	Integrated HRA / FSA	\$4.00 PPM/ Free waived Year 1 / \$2.00 PPM		\$4.50 PPM/ \$1.40 PPM		\$4.50 PPM/ \$1.40 PPM		\$4.50 PPM/ \$1.40 PPM		
18	Network	Open Access Plus		Open Access Plus		Open Access Plus		Open Access Plus		
19	Role Guarantee	12 months		12 months		12 months		12 months		
20	Monthly Premium	\$562.70		\$538.10		\$632.07		\$787.84		
21	Employee & Spouse	\$1,301.10		\$1,037.83		\$1,472.63		\$1,821.48		
22	Employee & Child(ren)	\$1,055.17		\$1,571.55		\$1,193.00		\$1,477.19		
23	Employee & Family	\$1,512.14		\$2,252.15		\$1,712.80		\$2,116.83		
24	Monthly Payroll Deduction	\$10.11		\$19.11		\$0.00		\$216.43		
25	Employee & Spouse	\$641.32		\$641.32		\$483.32		\$946.80		
26	Employee & Child(ren)	\$434.08		\$322.34		\$322.34		\$708.67		
27	Employee & Family	\$919.17		\$959.17		\$821.48		\$1,655.56		
28	Participation by Plan	63		63		32		63		
29	Employee	53		53		25		53		
30	Employee & Spouse	3		3		0		3		
31	Employee & Child(ren)	6		6		1		6		
32	Employee & Family	1		1		5		1		
33	Monthly Premium by Plan	\$41,572.74		\$61,917.42		\$27,054.62		\$66,200.03		
34	Total Annual Premium	\$18,003.73		\$26,270.67		\$27,200.63		\$22,990.24		
35	Difference in Annual Premium	\$849,174.32		\$489,113.40		\$1,342,868.72		\$1,303,471.62		
36	Employee Contributions	\$165,701.32		\$155,701.32		\$315,069.98		\$356,297.69		
37	Annual Cost to the City	\$793,473.00		\$1,763,286.80		\$1,028,068.74		\$886,633.03		
38	Amount of Change									
39	% Change to the City									
40										
41										
42										
43										
44										
45										
46										
47										
48										

## 2021 Dental Comparison for City of Freeport

	A	B	C	D	G
1	<b>Provider</b>	<b>Cigna Current</b>	<b>Cigna Renewal</b>	<b>Standard</b>	<b>Mutual of Omaha</b>
2	<b>Plan</b>	<b>PPO</b>	<b>PPO</b>	<b>PPO</b>	<b>PPO</b>
3	<b>Maximum Annual Benefit</b>	\$1,500	\$1,500	\$1,500	\$1,500
4	<b>Deductible</b>	\$50	\$50	\$50	\$50
5	Family	\$150	\$150	\$150	\$150
6	<b>Preventive</b>	100%	100%	100%	100%
7	Definition of Cleanings	2 Per Year	2 Per Year	2 Per Year	2 Per Year
8	Cleanings	100%	100%	100%	100%
9	Oral Evalutaion	100%	100%	100%	100%
10	<b>Basic</b>	80%	80%	80%	80%
11	Fillings	80%	80%	80%	80%
12	Includes endo + perio	Yes	Yes	Yes	Yes
13	<b>Major</b>	50%	50%	50%	50%
14	Crown	50%	50%	50%	50%
15	Implants	50%	50%	50%	50%
16	Wait for timely new hires	None	None	None	None
17	<b>Orthodontics</b>	Not covered	Not covered	Not covered	Not covered
18	<b>Out of Network % of U&amp;C</b>	90%	90%	90%	90%
19	<b>Network</b>	Yes	Yes	Yes	Yes
20	<b>Rate guarantee</b>	To 10/1/21	12 months	24 months	12 months
21	<b>Monthly Premium:</b>				
22	Employee	\$29.74	\$32.42	\$28.74	\$29.15
23	Employee and Spouse	\$58.56	\$63.83	\$56.59	\$57.39
24	Employee and Child(ren)	\$80.85	\$88.13	\$78.14	\$79.23
25	Employee and Family	\$120.38	\$131.21	\$116.34	\$117.97
26	<b>Total Annual Premium</b>	\$65,022.24	\$70,878.24	\$62,837.52	\$63,727.08
27	<b>Annual Change in Premium</b>		9.01%	-3.36%	-1.99%
28	<b>Difference in Total Premium</b>		\$5,856.00	-\$2,184.72	-\$1,295.16
29	<b>Employee Contributions:</b>				
30	Employee	\$0.00	\$0.00	\$0.00	\$0.00
31	Employee and Spouse	\$28.82	\$28.82	\$28.82	\$28.82
32	Employee and Child(ren)	\$51.11	\$51.11	\$51.11	\$51.11
33	Employee and Family	\$90.64	\$90.64	\$90.64	\$90.64
34	<b>Total Annual Payroll Deductions</b>	\$18,984.72	\$18,984.72	\$18,984.72	\$18,984.72
35	<b>Employee Counts:</b>				
36	Employee	99	99	99	99
37	Employee and Spouse	12	12	12	12
38	Employee and Child(ren)	10	10	10	10
39	Employee and Family	8	8	8	8
40	<b>Total Employees</b>	129	129	129	129
41	<b>Annual Cost to the City (if NC to PR ded)</b>	\$46,037.52	\$51,893.52	\$43,852.80	\$44,742.36
42	<b>Annual Change to City (if NC to PR ded)</b>		12.72%	-4.75%	-2.81%
43	<b>Annual Difference to City (if NC to PR ded)</b>		\$5,856.00	-\$2,184.72	-\$1,295.16

This information is proprietary and for illustrative purposes only. Please review benefit proposals and summaries for covered benefits, limitations and exclusions.

June 1, 2021



**BROKER COPY**

DONNA FISHER  
CITY OF FREEPORT  
200 WEST 2ND ST  
FREEPORT, TX 77541

DEAR DONNA FISHER:

Thank you for choosing VSP® Vision Care — and for your continued business. Putting your employees first and guaranteeing their satisfaction is easy, when we have partners like you.

As the only national not-for-profit vision company, we're committed to giving your employees:

- **Lowest employee out-of-pocket costs** — employees' #1 priority in a vision plan.
- **Exclusive Member Extras.** offers you won't find anywhere else — only VSP members can save more than \$2,500 on vision, hearing, medical, and lifestyle services.
- **World class service** — the highest customer satisfaction in the industry, 15 years in a row.

Your VSP plan automatically renews on **October 1, 2021** and **no action is required** to continue to receive consumers' #1 choice in vision care.

Group Name/Number: CITY OF FREEPORT / 30092826  
Renewal Period: October 1, 2021 - September 30, 2023  
Current Plan Frequency: 12 / 12 / 24  
Current Copay: \$10 Exam / \$25 Materials  
Current Allowance: \$130.00 Retail Frame / \$130.00 Elective Contact Lenses  
Current Rates: \$6.97 / 11.15 / 11.38 / 18.35  
Renewal Rates: \$7.04 / 11.26 / 11.50 / 18.53

*Rates include all applicable taxes and health assessment fees known as of the date of your renewal.*

**Enhanced Offering**

Have you considered **upgrading your Plan Frequency** or **increasing your Retail Frame Allowance** to maximize the lowest out-of-pocket for your employees? We recommend these enhancements when you renew your current plan to deliver greater value:

Plan Frequency: 12 / 12 / 24  
Copay: \$10.00 Exam / \$25.00 Materials  
Allowance: \$150.00 Retail Frame / \$130.00 Elective Contact Lenses  
Renewal Rates: \$7.68 / 12.29 / 12.54 / 20.22

Updating your plan is simple! Give me a call to enhance your benefits or to lower your premium and keep delivering the lowest out-of-pocket costs.

Thank you,

Jamie Elliott (800) 216-6248

cc: LISA MIZELL  
LISA MIZELL  
9347 BRIARHURST DR  
DALLAS, TX 75243-6139

Central Team

# VISION BENEFIT PROPOSAL

CUSTOMIZED FOR City of Freeport



## EYE CARE WITH A BIGGER FOCUS

Your well-being is at the heart of everything we do. Like harnessing the power of eye exams to detect signs of health conditions before they become more serious. That's why it's no surprise more than 84 million people in the U.S. choose VSP® Vision Care for their eye care and eyewear. For 65 years, we've put people before profit—pushing the limits on what's possible to help everyone see well and be well.

### #1 IN ACCESS TO QUALITY CARE\*

Choice of an independent doctor or popular retail chain, including Visionworks®, Walmart, and more.

### #1 IN SELECTION OF EYEWEAR\*

The latest styles at the lowest out-of-pocket cost\* in-store or online at [eyeconic.com](http://eyeconic.com)®.

### #1 IN MEMBER SATISFACTION\*

A no-hassle benefit that members enroll in and use more than any other vision plan.\*

## VSP CHOICE PLAN®: CUSTOMIZED BENEFIT OPTIONS AND MONTHLY RATES

OPTION 1 Employer Pays 75% or more of Premium for Employees and Dependents 100-199 Employees Enrolled   10% Commission			
FREQUENCY	COPAYS AND ALLOWANCES	ENHANCEMENTS AND SUPPLEMENTAL BENEFITS	MONTHLY RATES
Exam every 12 months	\$10 Exam Copay		Employee Only \$7.04
Lenses every 12 months	\$25 Frame/Lens Copay		Employee + One \$11.26
Frames every 24 months	\$130 Frame Allowance		Employee + Children \$11.50
Contact Lenses every 12 months (Instead of lenses and frame)	\$130 Contact Lens Allowance		Employee + Family \$18.53
OPTION 2 Employer Pays 75% or more of Premium for Employees and Dependents 100-199 Employees Enrolled   9% Commission			
FREQUENCY	COPAYS AND ALLOWANCES	ENHANCEMENTS AND SUPPLEMENTAL BENEFITS	MONTHLY RATES
Exam every 12 months	\$10 Exam Copay		Employee Only \$6.92
Lenses every 12 months	\$25 Frame/Lens Copay		Employee + One \$11.08
Frames every 24 months	\$130 Frame Allowance		Employee + Children \$11.31
Contact Lenses every 12 months (Instead of lenses and frame)	\$130 Contact Lens Allowance		Employee + Family \$18.24

The Commercial Business rates quoted above for the VSP Choice Plan are valid based on: i. an effective date of October 1, 2021 for a client headquartered in Texas, ii. 24-month rate guarantee and contract term, and iii. the agreement that VSP will receive these amounts over the full plan term. Rates include all applicable taxes and health assessment fees known on the date of this proposal and exclude platform participation and associated fees. Individual experience is not available for pooled groups.





**American United Life  
Insurance Company®**

*One American Square, P.O. Box 368  
Indianapolis, IN 46206-0368*

May 7, 2021

City of Freeport  
Attn: Donna Fisher  
200 W 2nd ST  
Freeport, TX, 77541

RE: Group Policy G618977

Dear Donna Fisher:

American United Life Insurance Company® (AUL), a OneAmerica® company, periodically reviews group insurance coverages to determine if premium levels are adequate to cover estimated future losses. After assessing the overall risk of the case, a premium rate adjustment does not appear to be necessary at this time. Therefore, AUL is willing to offer the following premium rates:

Group Insurance	Present Premium Rate thru September 30, 2021	Premium Rates beginning October 1, 2021	Next Scheduled Premium Rate Adjustment Review
Life	\$0.150 per \$1,000 of coverage	\$0.150 per \$1,000 of coverage	October 1, 2023
AD&D	\$0.020 per \$1,000 of coverage	\$0.020 per \$1,000 of coverage	October 1, 2023
Long Term Disability	\$0.290 per \$100 of monthly covered payroll	\$0.290 per \$100 of monthly covered payroll	October 1, 2023
Voluntary Term Life	Currently rated by age per \$1,000 of coverage	Holding current rates by age per \$1,000 of coverage	October 1, 2023

AUL appreciates being able to serve as your group insurance carrier and looks forward to a productive, long lasting relationship.

If you have any questions regarding your coverages or the above rates, feel free to contact either your Account Manager,

Nicole Miller, at 1-512-789-2287, our Group Customer Contact Center at 1-800-553-5318 or your appointed producer of record.

If you need to access AUL forms or instructions for the administration of your group insurance contract(s), you can obtain these resources from our web site at [www.employeebenefits.aul.com](http://www.employeebenefits.aul.com). The information on this site should be consulted for proper and efficient submission of claims, administration, and underwriting requests.

Sincerely,

*Wendy Taylor*

Associate Underwriter I

CC: Nicole Miller  
Lisa C Mizell  
Dallas Regional District Office