

INTERLOCAL COOPERATION AGREEMENT
BETWEEN
THE PUBLIC SAFETY OFFICE WITHIN THE OFFICE OF THE GOVERNOR
AND
THE ARK-TEX COUNCIL OF GOVERNMENTS

INDUCEMENTS

WHEREAS, the Public Safety Office within the Office of the Governor (“OOG”) and the Ark-Tex Council of Governments (“COG”) agreed to and executed an Interlocal Cooperation Agreement, effective September 1, 2020 through August 31, 2021 (“FY 2021 Agreement”), pursuant to Texas Government Code, Section 791.011, and Texas Local Government Code, Section 391.011(c); and

WHEREAS, the FY 2021 Agreement outlines the OOG’s and the COG’s responsibilities related to the distribution of homeland security and criminal justice grant funds by the OOG; and

WHEREAS, Section IV of the FY 2021 Agreement establishes the amounts to be paid to the COG for its services; and

WHEREAS, Section XIX of the FY 2021 Agreement provides for up to two (2) one-year renewals of that agreement’s substantive terms upon mutual agreement of the parties; and

WHEREAS, the OOG and the COG mutually desire to renew the substantive terms of the FY 2021 Agreement for a one-year period as reflected in this new superseding agreement, to include minor clarifying changes and new section numbers to the language contained in the FY 2021 Agreement, and to include additional statutorily-required terms;

NOW, THEREFORE, in consideration of the mutual inducements, covenants, and conditions herein, the OOG and the COG agree to the following:

SECTION 1. CONTRACTING PARTIES. The contracting parties are the OOG and the COG. The OOG and the COG may be referred to in this Interlocal Cooperation Agreement Renewal (“Agreement”) individually as a “party” or collectively as the “parties.”

SECTION 2. COG RESPONSIBILITIES.

- A. The COG’s primary responsibilities under this Agreement are outlined in the Statements of Work set forth in Attachment A and Attachment B (“SOWs”), which are hereby incorporated into this Agreement. The COG shall comply with all terms of this Agreement and shall perform its responsibilities and provide the services outlined in this Agreement to the OOG, or its designee, and to current and potential Public Safety Office applicants and grantees in Bowie, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River, and Titus counties (“the COG’s Region”). The COG shall comply with any applicable federal, state, county, local, and

municipal laws, ordinances, resolutions, codes, decisions, orders, rules, and regulations in connection with its obligations under this Agreement.

- B. The SOWs establish deadlines by which the COG must perform specific responsibilities under the Agreement, including the submission of information to the OOG. The COG shall comply with all deadlines outlined in the SOWs.
- C. The COG shall establish and maintain a minimum of one "External Peer Review User" account in eGrants (<https://egrants.gov.texas.gov/>) and shall use such account to upload all information required to be submitted to the OOG under this Agreement. The COG must label the files with the relevant Task Number referenced in the SOWs and a short description of the information in each file.

SECTION 3. OOG RESPONSIBILITIES.

- A. The OOG shall reimburse the COG in accordance with the terms of this Agreement.
- B. The OOG or its designee shall provide training and technical assistance to the COG, as may be necessary, regarding the services required to be performed under this Agreement.
- C. The OOG shall review and act upon submissions by the COG requiring OOG actions.
- D. The OOG shall verify the eligibility, reasonableness, and cost-effectiveness of proposed projects, and the availability of funding, and will render final funding decisions.
- E. The OOG shall provide award documentation to each grantee that is awarded a grant by the OOG under one of the funding opportunities described in Subsection F of this Section.
- F. The OOG shall notify the COG when grant funds are awarded by the OOG to a grantee in the COG's Region under any of the funding opportunities listed in HS4.1 of Attachment A or CJ5.1 of Attachment B.
- G. The OOG shall notify the COG when grant funds of a grant recipient in the COG's Region are placed on hold.
- H. Upon determining the eligibility status of each grant application for the funding opportunities listed in HS4.1 of Attachment A and CJ5.1 of Attachment B from an applicant in the COG's Region, the OOG shall make the grant application available for the COG to review through eGrants.

SECTION 4. AGREEMENT AMOUNT.

- A. In consideration of the services provided by the COG pursuant to Attachment A, the OOG agrees to compensate the COG for the services rendered at a rate of \$1,958.33 per month for the months of September 2021 through July 2022, and the balance remaining of the total amount due in connection with Attachment A for August 2022, unless the provisions of Section 17 of this Agreement are invoked or deductions are made based on the COG's non-compliance as outlined in Section 6 of this Agreement. The total payment for services provided under

Attachment A shall not exceed \$23,500.00.

- B. In consideration of the services provided by the COG pursuant to Attachment B, the OOG agrees to compensate the COG for the services rendered at a rate of \$4,877.95 per month for the months of September 2021 through July 2022, and the balance remaining of the total amount due in connection with Attachment B for August 2022, unless the provisions of Section 17 of this Agreement are invoked or deductions are made based on the COG's non-compliance as outlined in Section 6 of this Agreement. The total payment for services provided under Attachment B shall not exceed \$58,535.42.
- C. The total payment by the OOG for the services provided by the COG under this Agreement shall not exceed \$82,035.42.

SECTION 5. EFFECTIVE DATE AND TERM. This Agreement shall take effect on the date of last signature below and shall expire on August 31, 2022, unless it is amended, renewed, extended, or terminated earlier pursuant to the provisions hereof; however, the parties acknowledge that their respective obligations concerning the submission of the final invoice and the processing of final payment necessarily extend beyond that date. The parties having exercised the first renewal of the FY 2021 Agreement, this Agreement may be renewed for up to one (1) additional one-year period upon mutual agreement of the parties, to be evidenced in writing prior to the expiration date of the agreement then in force. Upon exhaustion of the renewal terms, the OOG may, in its sole discretion, with notice, extend this Agreement for up to three (3) months if the OOG determines such an extension is necessary.

SECTION 6. PAYMENTS.

- A. The COG shall submit a separate invoice for each SOW on a monthly basis as specified in HS6.1 of Attachment A and CJ7.1 of Attachment B, detailing the services provided, the provisions of this Agreement to which the COG staff hours and services relate, and the amount billed. These materials shall be submitted to:

By Mail:

Office of the Governor
Financial Services
P.O. Box 12878
Austin, Texas 78711-2878

By Hand Delivery:

Office of the Governor
Financial Services
1100 San Jacinto, 3rd Floor
Austin, Texas 78701

By Electronic Mail: ap@gov.texas.gov

- B. Payments under the Agreement will be made in accordance with the Texas Prompt Payment Act, Government Code, Chapter 2251, and only from current revenues available to the OOG in accordance with Texas Government Code, Section 791.011(d)(3).

In accordance with Texas Government Code, Section 2251.021(a)(2), and subject to any exceptions set forth in law or regulations, including Texas Government Code, Section

2251.002 and Section 6, Subsection C of this agreement, the OOG will pay contracted services thirty (30) days after receipt of the invoice for the previous month's services.

- C. The OOG will pay contracted services earlier than thirty (30) days if the earlier payment will result in a vendor offering a discount that is greater than the interest that would be earned by following scheduling requirements.
- D. If the Executive Director of the Public Safety Office ("Executive Director") determines that the COG has failed to perform or comply with any of the terms, conditions, provisions, or requirements of this Agreement, the OOG may withhold a portion of one or more monthly payments specified in Section 4 of this Agreement in an amount to be determined by the Executive Director, or the OOG may terminate this Agreement. The COG may recoup withheld payments if the Executive Director, in his/her sole discretion, subsequently determines that appropriate corrective measures have been taken by the COG. Upon satisfactory completion of the work performed under this Agreement and prior to final payment under this Agreement for such work, or prior to settlement upon termination of this Agreement and as a condition thereto, the COG shall execute and deliver to the OOG a release of all claims against the OOG arising under or by virtue of this Agreement.
- E. The payments specified in Section 4.A of this Agreement shall not be paid by the OOG until the required information is submitted by the COG to the OOG, as provided in Attachment A. The payments specified in Section 4.B of this Agreement shall not be paid by the OOG until the required information is submitted by the COG to the OOG, as provided in Attachment B.
- F. For good cause, the OOG may authorize an increase or decrease in the amount of any monthly payment under this Agreement. Any variation in a monthly payment amount will not affect the total payment amount specified in Section 4.A with respect to the payment for services provided under Attachment A, or Section 4.B with respect to the payment for services provided under Attachment B.
- G. If the COG fails to submit information required under either Attachment A or Attachment B of this Agreement to the OOG by the applicable deadline established in the relevant Attachment, the COG shall forfeit, for each failure, one-three hundred sixty fifth (1/365th) of the total payment amount for services provided under such Attachment for each day the COG fails to submit the information required by such Attachment.

In addition, if the COG fails to submit required information to the OOG within ten (10) calendar days after the deadline established in either Attachment A or Attachment B of this Agreement, the OOG may terminate this Agreement without penalty, either in whole or in part. The provisions of this subsection in no way limit the discretion to withhold payment under Section 6 of this Agreement.

- H. Final payment shall be made upon the satisfactory completion of the deliverables and services provided by the COG under this Agreement.
- I. Final payment under this Agreement or settlement upon termination shall not constitute a waiver of the OOG's claims against the COG.

- J. The COG must submit the final invoice for payment under this Agreement no later than sixty (60) calendar days after the expiration of this Agreement.

SECTION 7. AUTHORIZED REPRESENTATIVES. For purposes of administering and implementing this Agreement, the Executive Director is the person authorized to represent the OOG, and the Executive Director of the COG is the person authorized to represent the COG.

SECTION 8. INDEPENDENT CONTRACTOR. In performing any services hereunder, the COG is, and undertakes performance as, an independent contractor and the COG and its personnel are not employees of the OOG by virtue of the Agreement. The COG acknowledges it is responsible to all third parties for its acts or omissions, and the OOG shall in no way be responsible for the acts or omissions of the COG. The COG shall be, and shall remain, liable in accordance with applicable law for any and all bodily injury, disease, or death of third persons or loss of or damage to property of third persons arising out of or incident to the COG's work performance, and the COG agrees to comply with all international, state, local, and federal laws, ordinances, or regulations applicable to any such persons.

SECTION 9. ACTIONS OR CITATIONS. The COG shall provide immediate written notice to the OOG regarding any actions or citations, whether civil or criminal, by federal, state, or local governmental agencies that relate to any services provided under this Agreement.

SECTION 10. SUBCONTRACTS. Any subcontractors or outside associates or consultants required by the COG in connection with the services required by this Agreement shall be subject to the prior written approval of the OOG. The COG, in subcontracting for any goods and services related to the Agreement, expressly understands and agrees that the OOG shall not be liable in any manner to the COG's subcontractors, and the COG shall be solely responsible for any payments or other claims to such subcontractors, outside associates, and consultants for goods or services provided under this Agreement. In no event shall the OOG's approval of the COG's use of subcontractors, nor the conduct or statement of any person, nor any other provision of the Agreement, be construed as relieving the COG of the responsibility for ensuring that all goods and services provided under the Agreement, and any subcontracts thereto, are rendered in compliance with all of the terms of the Agreement.

SECTION 11. ORDER OF PREFERENCE. Unless otherwise stated, a listing of factors, criteria, or subjects in this Agreement does not constitute an order of preference.

SECTION 12. SEVERABILITY. If any part or provision of this Agreement is held invalid, such invalidity shall not affect any other part or provision that can be given effect without the invalid part or provision, and to this end all parts and provisions of this Agreement are declared to be severable.

SECTION 13. FORCE MAJEURE. Neither the COG nor the OOG shall be liable to the other for any delay in, or failure of performance of, any requirement included in this Agreement caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed, provided the non-performing party exercises all reasonable due diligence to perform. "Force majeure" is defined as "acts of God, war, fires, explosions, hurricanes, floods, failure of transportation, or other causes that are beyond the reasonable control of either party and that, by exercise of due foresight, such

party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome.” Each party must inform the other in writing, with proof of receipt, within a reasonable time of the existence of such force majeure.

SECTION 14. ASSIGNABILITY. This Agreement is not transferable or otherwise assignable by the COG.

SECTION 15. AMENDMENTS. This Agreement may be amended only by an agreement in writing that is signed by both parties.

SECTION 16. WAIVER. The failure of a party to this Agreement to enforce, at any time, a provision of this Agreement or to exercise any option under this Agreement is not a waiver of the provision or option, nor does it affect the validity of any part of this Agreement or the right of either party to subsequently enforce a provision or exercise an option. A waiver of a breach of this Agreement is not a waiver of a subsequent breach. Remedies available under this Agreement are in addition to every other remedy available at law or in equity.

SECTION 17. TERMINATION.

- A. This Agreement shall terminate as set forth in Section 5 of the Agreement, unless terminated earlier upon thirty (30) calendar days’ prior written notice by either party, or as otherwise provided in this Agreement. Written notice shall be given by certified mail, return receipt requested, or by delivering in person to the authorized representative of the other party. Notice is considered delivered when postmarked if such notice is sent by certified mail, return receipt requested, or on the date of delivery if delivered in person to the authorized representative of the other party.
- B. The COG agrees that nothing in this Agreement will be interpreted to create an obligation or liability of the OOG in excess of the funds delineated in this Agreement. The COG agrees that funding for this Agreement is subject to the actual receipt by the OOG of funds appropriated to the OOG. The COG agrees that the funds, if any, received from the OOG are limited by the term of each state biennium and by specific appropriation authority to and the spending authority of the OOG for the purpose of this Agreement. The COG agrees that notwithstanding any other provision of this Agreement, if the OOG is not appropriated the funds, or if the OOG does not receive the appropriated funds, for this program, or if the funds appropriated to the OOG for this program are required to be reallocated to fund other state programs or purposes, the OOG may terminate this Agreement without cost or penalty.
- C. In the event of early termination of this Agreement, no further payment will be required following the date of termination.

SECTION 18. APPLICABLE LAW AND VENUE. The laws of the State of Texas govern this Agreement and all disputes arising out of or relating to this Agreement, without regard to any otherwise applicable conflict of law rules or requirements.

Venue for any COG-initiated action, suit, litigation, or other proceeding arising out of or in any way relating to this Agreement shall be commenced exclusively in the Travis County District Court or the United States District Court, Western District of Texas - Austin Division. Venue for

any OOG-initiated action, suit, litigation, or other proceeding arising out of or in any way relating to this Agreement may be commenced in a Texas state district court or a United States District Court selected by the OOG in its sole discretion.

The COG hereby irrevocably and unconditionally consents to the jurisdiction of the courts referenced above for the purpose of prosecuting and/or defending such litigation. The COG hereby waives and agrees not to assert as a defense, or otherwise, in any suit, action, or proceeding, any claim that the COG is not subject to the jurisdiction of the above-named courts; the suit, action, or proceeding is brought in an inconvenient forum; and/or the venue is otherwise improper.

SECTION 19. FRAUD, WASTE, OR ABUSE. The COG understands that the OOG does not tolerate any type of fraud, waste, or misuse of funds received from the OOG. The OOG's policy is to promote consistent, legal, and ethical organizational behavior. Any violations of law, OOG policies, or standards of ethical conduct will be investigated, and appropriate actions will be taken. In the event of a formal allegation or a finding of fraud, waste, or misuse of funds received from the OOG, the COG is required to immediately notify the OOG of said finding. The COG is also obliged to inform the OOG of the status of any ongoing investigation. All notices pursuant to this Section should be reported to the OOG's Fraud Coordinator or Ethics Advisor at (512) 463-2000 or in writing to: Ethics Advisor, Office of the Governor, P.O. Box 12428, Austin, Texas 78711.

SECTION 20. INDEMNIFICATION OR DAMAGE CLAIMS.

TO THE EXTENT ALLOWED BY LAW, THE COG SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE STATE OF TEXAS, ITS OFFICERS, AND EMPLOYEES, AND THE OOG, ITS OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, DESIGNEES, AND CONTRACTORS, FROM AND AGAINST ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES, AND LIABILITIES, INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES AND COURT COSTS, ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY ACTS OR OMISSIONS OF THE COG OR ANY AGENT, EMPLOYEE, SUBCONTRACTOR, OR SUPPLIER OF THE COG IN THE EXECUTION OF PERFORMANCE OF THIS AGREEMENT. THE COG SHALL COORDINATE ITS DEFENSE WITH THE TEXAS ATTORNEY GENERAL AS REQUESTED BY THE OOG. THIS PARAGRAPH IS NOT INTENDED TO AND SHALL NOT BE CONSTRUED TO REQUIRE THE COG TO INDEMNIFY OR HOLD HARMLESS THE STATE OF TEXAS OR THE OOG FOR ANY CLAIMS OR LIABILITIES RESULTING SOLELY FROM THE NEGLIGENT ACTS OR OMISSIONS OF THE OOG OR ITS EMPLOYEES.

SECTION 21. TAXES/WORKERS' COMPENSATION/UNEMPLOYMENT INSURANCE.

THE COG IS FULLY RESPONSIBLE FOR ITS OWN FEDERAL, STATE, AND LOCAL TAXES. THE COG AGREES AND ACKNOWLEDGES THAT DURING THE EXISTENCE OF THIS AGREEMENT, THE COG SHALL BE ENTIRELY RESPONSIBLE FOR THE LIABILITY AND PAYMENT OF THE COG'S AND ITS EMPLOYEES' TAXES OF WHATEVER KIND, ARISING OUT OF THE PERFORMANCES IN THIS AGREEMENT. THE COG AGREES TO COMPLY WITH ALL STATE AND FEDERAL LAWS APPLICABLE TO ANY SUCH PERSONS,

INCLUDING LAWS REGARDING WAGES, TAXES, INSURANCE, AND WORKERS' COMPENSATION. THE OOG AND/OR THE STATE OF TEXAS SHALL NOT BE LIABLE TO THE COG, ITS EMPLOYEES, AGENTS, OR OTHERS FOR THE PAYMENT OF TAXES OR THE PROVISION OF UNEMPLOYMENT INSURANCE AND/OR WORKERS' COMPENSATION OR ANY BENEFIT AVAILABLE TO A STATE EMPLOYEE OR EMPLOYEE OF THE OOG.

SECTION 22. BUY TEXAS. The COG represents and warrants that it will buy Texas products, services, and materials for use in providing the services authorized herein when such products, services, and materials are available at a comparable price and in a comparable period of time when compared to non-Texas products, services, and materials.

SECTION 23. DEBT TO STATE. The COG acknowledges and agrees that, to the extent the COG owes any debt or delinquent taxes to the State of Texas, any payments the COG is owed under this Agreement may be applied by the Comptroller of Public Accounts toward any debt or delinquent taxes the COG owes the State of Texas until the debt or delinquent taxes are paid in full.

SECTION 24. DISPUTE RESOLUTION.

- A. **Informal Meetings.** The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.
- B. **Chapter 2260 of the Texas Government Code.** If the dispute resolution process provided for in Chapter 2260 of the Texas Government Code is applicable, it shall be used as the sole and exclusive process to resolve any claim for breach of this Agreement made by the COG. Neither the execution of this Agreement nor any other conduct of or statements by any representative of the OOG relating to this Agreement shall be considered a waiver of sovereign immunity.
- C. **COG's Continued Performance.** The COG shall not be excused from performance during any pending dispute, unless approved in writing by the OOG.

SECTION 25. TEXAS PUBLIC INFORMATION ACT. The COG acknowledges that the State of Texas, the OOG, and this Agreement are subject to the Texas Public Information Act, Texas Government Code, Chapter 552 (the "PIA"). The COG acknowledges that the OOG will comply with the PIA.

The COG acknowledges that information created or exchanged in connection with this Agreement is subject to the PIA, and the COG agrees that information not otherwise excepted from disclosure under the PIA will be available in a format that is accessible by the public at no additional charge to the OOG or the State of Texas. The COG will cooperate with the OOG in the production of documents or information responsive to a request for information. The COG will notify the OOG within twenty-four hours of receipt of any third party request for information that was provided to the COG by the OOG or the State of Texas.

The COG agrees to maintain the confidentiality of confidential information received from the OOG or the State of Texas during the performance of this Agreement, including information which

discloses confidential personal information particularly, but not limited to, personally identifying information, personal financial information, and social security numbers.

SECTION 26. DEBARMENT AND SUSPENSION. The COG understands that the OOG will adhere to the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the COG certifies that it and its principals are eligible to participate in this Agreement and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state, or local governmental entity; that it is in compliance with Texas statutes and rules; and that it is not listed on the federal government's terrorism watch list.

SECTION 27. CLEAN AIR AND WATER POLLUTION CONTROL. If the total amount of this Agreement, as listed in Section 4.C, is in excess of \$150,000, the COG certifies it will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401-7671q) and the Federal Water Pollution Control Act (33 U.S.C. §§ 1251-1387).

SECTION 28. RECOVERED MATERIALS. The COG represents and warrants that it will comply with Section 6002 of the federal Solid Waste Disposal Act (42 USC § 6962), as amended by the Resource Conservation and Recovery Act, and Title 40, Part 247 of the Code of Federal Regulations.

SECTION 29. LOBBYING. If the total amount of this Agreement, as listed in Section 4.C, is in excess of \$100,000, the COG certifies that it will not use and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. The COG also agrees to disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award or contract. Such disclosures should be forwarded to the OOG's Authorized Representative.

SECTION 30. ISRAEL. If the COG is required to make a certification pursuant to Texas Government Code, Section 2271.002, the COG certifies that the COG: (1) does not boycott Israel; and (2) will not boycott Israel during the term of this Agreement.

SECTION 31. ENERGY COMPANIES. If the COG is required to make a certification pursuant to Texas Government Code, Section 2274.002 (as added by Acts 2021, 87th Leg., R.S., S.B. 13, § 2), the COG certifies that it does not boycott energy companies and will not boycott energy companies during the term of this Agreement. If the COG does not make that certification, the COG must state why the certification is not required.

SECTION 32. FIREARM ENTITIES OR FIREARM TRADE ASSOCIATIONS. If the COG is required to make a certification pursuant to Texas Government Code, Section 2274.002 (as added by Acts 2021, 87th Leg., R.S., S.B. 19, § 1), the COG certifies that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and will not discriminate during the term of this Agreement against a firearm entity or firearm trade association. If the COG does not make that certification, the COG must state why the certification is not required.

SECTION 33. IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATION. The COG represents that neither the COG, nor any affiliate of the COG, (i) is an entity listed by the Texas Comptroller of Public Accounts under Texas Government Code, Sections 2252.153 or 2270.0201; (ii) constitutes a “scrutinized company” as defined by Texas Government Code, Section 2270.0001(9); or (iii) has contracts with, provides supplies or services to, or is otherwise engaged in business with Iran, Sudan, or a foreign terrorist organization, as prohibited by Texas Government Code, Section 2252.152.

SECTION 34. AUDIT. The COG shall grant access to and make available all paper and electronic records, books, documents, accounting procedures, practices, and any other items relevant to the performance of this Agreement, compliance with applicable state or federal laws and regulations, and the operation and management of the COG to the OOG, its designees, or auditors of the State of Texas for the purposes of inspecting, auditing, or copying such items.

The State Auditor’s Office or successor agency may conduct an audit or investigation of the COG or any of its subcontractors under this Agreement. The acceptance of funds by the COG or any other entity or person directly or indirectly under this Agreement acts as acceptance of the authority of the State Auditor’s Office, under the direction of the Legislative Audit Committee, to conduct an audit or investigation of the COG or any of its subcontractors in connection with those funds. Under the direction of the Legislative Audit Committee, the COG or other subject entity shall provide the State Auditor’s Office with prompt access to any information the State Auditor’s Office considers relevant to the investigation or audit. The COG further agrees to cooperate fully with the State Auditor’s Office in the conduct of the audit or investigation, including providing all records requested.

The COG will remedy in a timely manner, any weaknesses, deficiencies, Agreement noncompliance, or audit exceptions found as a result of a review by the OOG or its authorized representatives or auditors of the State of Texas. Such remedy may include a refund or offset of payments made under this Agreement, or any other appropriate actions deemed necessary by the OOG. The COG will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through the COG and the requirement to cooperate is included in any subcontract the COG awards.

SECTION 35. U.S. DEPARTMENT OF HOMELAND SECURITY’S E-VERIFY SYSTEM. The COG certifies and ensures that it utilizes and will continue to utilize, for the term of this Agreement, the U.S. Department of Homeland Security’s E-Verify system, as required by Chapter 673 of the Texas Government Code, to determine the eligibility of:

- 1) All persons employed to perform duties within Texas, during the term of the Agreement; and
- 2) All persons employed, including subcontractors, by the COG assigned to perform work pursuant to the Agreement, within the United States of America.

If this certification is falsely made, the Agreement may be immediately terminated, at the discretion of the OOG and at no fault to the OOG, with no prior notification.

SECTION 36. CERTIFICATION CONCERNING PRIOR DISASTER RELIEF CONTRACT VIOLATION. The OOG is prohibited from entering a contract with an entity

which, in the past five years, has been convicted of violating a federal law or assessed a penalty in connection with a contract involving relief for Hurricane Rita, Hurricane Katrina, or any other disaster, as defined by Texas Government Code, Section 418.004, occurring after September 24, 2005. Under Texas Government Code, Sections 2155.006 and 2261.053, the COG certifies that it is not ineligible from entering into this Agreement and will remain compliant with this certification during the term of this Agreement. The COG acknowledges that this Agreement may be terminated and payment withheld if this certification is inaccurate or false.

SECTION 37. TECHNOLOGY ACCESS CLAUSE. If applicable, the COG will comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation. Likewise, if applicable, the COG shall provide the Department of Information Resources with the URL to the COG's Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under Section 508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration "Buy Accessible Wizard" (<http://www.buyaccessible.gov>). A company not listed with the "Buy Accessible Wizard" or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format. Additional information regarding the "Buy Accessible Wizard" or obtaining a copy of the VPAT is located at <http://www.section508.gov/>.

SECTION 38. IMMIGRATION. The COG represents and warrants that the COG shall comply with all applicable U.S. immigration laws with respect to the employment of any individual who will perform labor or services in the U.S. under this Agreement.

SECTION 39. HISTORICALLY UNDERUTILIZED BUSINESSES. The COG represents and warrants that it will comply with Texas Government Code, Chapter 2161, in making any purchases or providing any purchasing services under this Agreement.

SECTION 40. CONFLICTS OF INTEREST. Notwithstanding anything herein to the contrary, the COG shall ensure that all of its public officials, as defined in Texas Government Code, Section 573.001(3), comply with the nepotism provisions of such Chapter 573.

SECTION 41. CYBERSECURITY TRAINING. To the extent the COG has access to any state computer system or database, the COG must complete a cybersecurity training program certified under Texas Government Code, Section 2054.519, as selected by the OOG. The COG shall verify completion of the program to the OOG in writing upon completion of the program.

SECTION 42. HUMAN TRAFFICKING. Under Texas Government Code, Section 2155.0061, the COG certifies it is not ineligible to receive this Agreement and acknowledges that this Agreement may be terminated and payment withheld if this certification is inaccurate.

SECTION 43. INFORMATION SECURITY/PRIVACY. The COG shall employ and maintain appropriate information security procedures to protect against the unauthorized acquisition, use, or disclosure of any personal information under applicable laws (including Personal Identifying Information or Sensitive Personal Information as those terms are defined in Texas Business and Commerce Code, Chapter 521) that it receives, compiles, or creates as a result of the Agreement

to ensure compliance with any agency requirements of the OOG and/or any applicable international, federal, state, or local laws, regulations, and ordinances. Unless required by law to disclose, the COG agrees to maintain the confidentiality of information received from the OOG or the State of Texas during the performance of the Agreement, including, but not limited to, Sensitive Personal Information, Personally Identifying Information, personal financial information, financial account numbers, account access information, computer passwords, social security numbers or information that is confidential by law or otherwise subject to a lawful exception from disclosure. In the event of an unauthorized acquisition, use, or disclosure of the OOG's information by the COG, its employees, representatives, subcontractors or other agents in the performance of the COG's duties, the COG shall: (i) immediately notify the OOG in writing; (ii) assume and comply with any applicable remedial requirements required by law; (iii) bear all costs of such compliance and remediation; and (iv) provide the OOG with information regarding the breach and the progress of any remedial efforts if requested. The obligations of the COG under this section will survive the COG and must be included in all subcontracts in which the subcontractor may have access to personal information.

The COG shall endorse the OOG's requirements and adhere to the State of Texas' and the OOG's Information Technology Security Standards. From time-to-time and on the request of the OOG, the COG may be required to execute written information security or non-disclosure agreements as deemed necessary by the OOG to strictly comply with any applicable confidentiality or information security requirements or applicable laws, regulations, and protective orders. The COG is required to assess risks, ensure data integrity, and determine the level of accessibility that must be maintained. Specific activities may include, but are not limited to identification of security, privacy, legal, and other organizational requirements for recovery of institutional resources such as data, software, hardware, configurations, and licenses at the termination of the Agreement. In addition, the OOG may periodically assess the COG's privacy and security services provisioned to providing the goods and services under the COG to ensure all Agreement obligations are being met and to manage and mitigate risk.

To the extent applicable, if the COG is authorized to access, transmit, use, or store data for the OOG, the COG must meet the security controls the OOG determines are proportionate with the OOG's risk under the COG based on the sensitivity of the OOG's data. The COG must periodically provide to the OOG evidence that the COG meets the security controls required under the Agreement.

SECTION 44. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT. John S. McCain National Defense Authorization Act for Fiscal Year 2019 (FY 2019 NDAA), Pub. L. No. 115-232 (2018) prohibits the purchase of certain telecommunications and video surveillance services or equipment from the People's Republic of China. For more information on this prohibition, please refer to Public Law No. 115-232 at <https://www.congress.gov/bill/115th-congress/house-bill/5515/text?format=txt>.

SECTION 45. PROHIBITED BIDS AND AGREEMENTS. Under Texas Government Code, Section 2155.004, the COG certifies that the COG is not ineligible to receive the specified agreement and acknowledges that this Agreement may be terminated and payment withheld if this certification is inaccurate.

SECTION 46. GIFT TO PUBLIC SERVANT. The COG warrants that it has not given, offered to give, nor does it intend to give, at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the RFP or the Agreement.

SECTION 47. FORMER EXECUTIVE HEAD AND EMPLOYEES OF THE AGENCY. The COG certifies that this Agreement is compliant, and will remain in compliance during the Agreement term, with the following sections of the Texas Government Code: Section 669.003 (Contracting with Executive Head of State Agency); Section 572.069 (Prohibiting employment of state officers and employees who participated in the procurement of services); and Section 2252.901 (Contracts with Former or Retired Agency Employees).

SECTION 48. REQUIRED CERTIFICATIONS. The OOG certifies that it has the authority to perform the above services by authority granted in Texas Government Code, Sections 421.072 and 772.006. The COG further certifies that it has authority to perform the services contracted for by the authority granted in Texas Local Government Code, Section 391.011(c) and that this Agreement is authorized by the COG's governing body.

SECTION 49. NO WAIVER OF SOVEREIGN IMMUNITY. The OOG is immune from suit and from liability. No part of this Agreement, nor the conduct or statement of any person, will be construed as a waiver of the doctrines of sovereign immunity and official immunity, or of any of the privileges, rights, defenses, remedies, or immunities available to the OOG, and/or the State of Texas, and their officers, employees, or agents as provided by law.

SECTION 50. SURVIVAL OF PROMISES. Expiration or termination of this Agreement for any reason does not release the COG from any provision pertaining to return of funds, confidentiality, limitation of liability, indemnification, audit rights, records retention, dispute resolution, sovereign immunity, governing law, venue, appropriated funds, and the submission of a final invoice.

SECTION 51. FALSE STATEMENTS. By signature to this Agreement, the COG makes all the representations, warranties, guarantees, certifications and affirmations included in this Agreement. If the COG signs this Agreement with a false statement or it is subsequently determined that the COG has violated any of the representations, warranties, guarantees, certifications or affirmations included in this Agreement, the COG shall be in default under this Agreement and the OOG may terminate or void this Agreement for cause and pursue other remedies available to the OOG under this Agreement and applicable law.

SECTION 52. ENTIRE AGREEMENT. This Agreement, upon taking effect, represents the entire agreement between the parties hereto. This Agreement supersedes any and all prior agreements between the parties, whether written or oral, including the prior Interlocal Cooperation Agreement effective September 1, 2020 through August 31, 2021 ("FY 2021 Agreement").

The undersigned parties bind themselves to the faithful performance of this Agreement.

OFFICE OF THE GOVERNOR



Chief of Staff or Designee
Office of the Governor

Date: 8/24/21

FOR THE COUNCIL OF GOVERNMENTS:



Chris Brown
Executive Director
ARK-TEX COUNCIL OF
GOVERNMENTS

Date: 8/24/2021

Statement of Work (Attachment A)
Public Safety Office ("PSO")
Homeland Security Services

Task #	Task Description/Deliverable	Due Date
HS1	Local Policies or Bylaws	
HS1.1	<p>The COG shall ensure that written policies or bylaws concerning the COG's duties under this Agreement are developed and adopted by the COG's governing body in accordance with applicable laws and regulations. Governing policies must include guidance concerning the following:</p> <ul style="list-style-type: none"> a. Attendance requirements for prioritization meetings; b. Prioritization of grant applications; c. COG governing body's review and approval process; d. COG's strategic vision related to homeland security issues; e. Conflicts of interest; f. Compliance with the requirements described in Texas Government Code, Chapter 551 (Texas Open Meetings Act); g. Local funding recommendation limitations, including but not limited to minimum or maximum application requested amounts, competition cycles, or decreasing fund ratios, if applicable; and h. If applicable, grant application workshop attendance requirements. <p>The COG's policies may not require payment of membership dues in order to be considered for funding.</p>	Ongoing
HS1.2	The COG shall inform applicants, current grantees, and other requestors of the availability of relevant COG policies and bylaws, and shall provide such policies and bylaws to interested parties upon request.	Ongoing
HS2	Technical Assistance	
HS2.1	<p>The COG shall make available to potential applicants in the COG's region the following:</p> <ul style="list-style-type: none"> a. Priorities identified by the COG related to homeland security issues; b. How the COG reviews and prioritizes projects, including but not limited to, the region's methodology for risk-informed 	At least 30 calendar days prior to the PSO eGrants application submission deadline

	<p>scoring/prioritization, scoring instruments, the criteria used in scoring/prioritizing applications, and other relevant materials that affect the COG's prioritization process; and</p> <p>c. Information related to the availability of training materials, or other documents regarding the PSO grant application creation available on the eGrants website at: egrants.gov.texas.gov.</p> <p>The COG may choose, at the COG's discretion, to conduct grant application workshops, workgroups and/or subcommittees to provide technical assistance to potential applicants in the COG's Region for the PSO homeland security funding opportunities consistent with the COG's policies and procedures.</p>	
HS2.2	<p>The COG shall inform applicants/grantees that PSO employees are assigned to each application/grant in eGrants and that the applicant/grantee may contact these personnel, or the eGrants Help Desk, for assistance with grant related questions and issues.</p> <p>The COG may inform applicants/grantees that technical assistance is available through the COG and, upon request, the COG shall coordinate with the PSO to provide technical assistance to grantees and applicants.</p>	Ongoing
HS3	Oversight of the Homeland Security Advisory Committee	
HS3.1	<p>Each COG shall establish and maintain a Homeland Security Advisory Committee (HSAC) that consists of participants who are knowledgeable about terrorism preparedness and the threats, vulnerabilities and consequences relevant to the COG Region. The HSAC shall advise the COG on matters related to terrorism preparedness.</p> <p>The COG shall ensure that the HSAC has varied participation including, but not limited to representation from various counties, municipalities, non-profit organizations, disciplines, and/or other stakeholders from within the region.</p> <p>Upon request from the PSO, the COG shall provide a complete list of HSAC members and any requested information related to HSAC scoring/prioritization meetings.</p>	Ongoing
HS3.2	<p>Conflict of Interest: The COG shall ensure that members of the COG's governing body, the HSAC, and COG staff abstain from scoring and voting on any grant application, other than a grant application submitted by a COG, during the prioritization process if the member or an individual related to the member within the third degree by consanguinity or within the second degree by affinity:</p> <ol style="list-style-type: none"> Is employed by the applicant agency and works for the unit or division that would administer the grant, if awarded; Serves on any governing board that oversees the unit or division that would administer the grant, if awarded; 	Ongoing

	<ul style="list-style-type: none"> c. Owns or controls any interest in a business entity or other non-governmental organization that benefits, directly or indirectly, from activities with the applicant agency; or d. Receives any funds, or a substantial amount of tangible goods or services, from the applicant agency as a result of the grant, if awarded. <p>If a HSAC member has a conflict of interest regarding a particular grant application, the COG will ensure that the committee member abstains from voting, commenting, or otherwise influencing the prioritization process for that application.</p> <p>If any applicant, HSAC member, COG personnel or other individual has reason to believe that favoritism or inappropriate actions occurred during the scoring or prioritization of PSO homeland security projects, the COG shall ensure that the concerns are shared with the PSO as soon as possible.</p>	
HS3.3	<p>The COG shall actively facilitate all HSAC meetings and ensure that all HSAC members are aware of local policies and bylaws and the requirements of the COG's contract with the PSO.</p> <p>The COG shall document all HSAC proceedings related to PSO business by recording the HSAC proceedings or by preparing written minutes of the HSAC proceedings. If written minutes are prepared, the written minutes must be certified with the signature of a HSAC member who was in attendance at the meeting.</p>	Ongoing
HS3.4	<p>The COG shall ensure that all COG governing board meetings and HSAC meetings at which PSO homeland security-related matters are discussed comply with the requirements listed in Texas Government Code, Chapter 551 (Texas Open Meetings Act).</p>	Ongoing
HS4	Application Prioritization Process	
HS4.1	<p>The COG shall ensure that:</p> <ul style="list-style-type: none"> a. The HSAC considers and prioritizes all grant applications received under the State Homeland Security Grant Program (SHSP); b. The HSAC members prioritize the applications utilizing a risk-informed methodology (process) informed by the region's Threat and Hazard Identification and Risk Assessment (THIRA), Stakeholder Preparedness Report (SPR), and the Texas Homeland Security Strategic Plan – Implementation Plan (HSSP-IP); c. The COG tabulates scores or votes and/or compiles an accurate priority list for submission to the PSO using the format required 	Ongoing

	<p>by the PSO and, in the event of a tie, the COG will break all ties; and</p> <p>d. The COG's governing body reviews and approves the HSAC priority listings prior to submitting them to the PSO in compliance with the applicable provisions of Texas Administrative Code, Title 1, Part 1, Chapter 3.</p>	
HS4.2	<p>The COG shall ensure that funding recommendations on grant applications are based upon:</p> <ul style="list-style-type: none"> a. Any state strategies identified by the PSO within the RFA; b. Homeland security priorities identified through the COG's risk informed project prioritization methodology as informed by the THIRA, capability gaps identified in the COG's regional SPR, and priorities identified in the region's HSSP-IP; c. The eligibility, reasonableness, and cost-effectiveness of the proposed project; and d. Current COG policies and bylaws. 	Ongoing
HS4.3	<p>Transparency: The COG shall provide HSAC members with copies of the COG's regional methodology for risk-informed scoring and/or prioritization of projects, scoring instruments, the criteria used in scoring grant applications, and other relevant materials prior to holding the COG's prioritization meeting for any PSO homeland security funding opportunity. Additionally, the COG shall provide current grantees and other requestors with the same information upon request.</p> <p>Notification of Prioritization Results: The COG shall notify all applicants in writing of the approved priorities in HS4.1a. The notice must state: "After the HSAC prioritizes the grant applications and the COG's governing body approves the priority listing, the COG submits the priority listing to the PSO. Based upon the COG's priority listing, the PSO will verify the eligibility, reasonableness, and cost-effectiveness strategy of the proposed project, and the availability of funding, and will render final funding decisions on these grant applications. The COG will notify grantees of any changes in the funding recommendations."</p>	The COG shall notify applicants of the region's prioritization results within 14 calendar days after the COG's decision
HS4.4	<p>The COG shall submit, through eGrants, the approved priority listing, including recommended funding amounts, for the SHSP. The COG's governing body must approve the priority listing prior to submission to the PSO.</p> <p>The priority listing is the sole means of communicating COG grant allocation recommendations from the COG to the PSO. The priority listing is one element upon which the PSO bases funding decisions. The COG is responsible for ensuring the appropriateness and accuracy of</p>	The COG shall submit priority listings 14 calendar days from the date the OOG batches applications to the COG

	the priority listing, and for correcting any inaccuracies or errors that occur on the priority listing prior to submission to the PSO.	
HS5	Cooperation with the PSO	
HS5.1	<p>The COG shall:</p> <ul style="list-style-type: none"> a. Fully cooperate with the PSO, its authorized representatives, and PSO designated partners or contractors; b. Provide sufficient personnel, equipment, materials, supplies, and facilities to perform the duties and responsibilities listed in this Agreement, and to support the HSAC and their meetings related to PSO business; c. Ensure that all COG personnel who work on PSO homeland security-related business are qualified by their education, training, and experience to fulfill the responsibilities of the position for which they are employed; d. Prepare and submit all forms, reports, and records required by the PSO in accordance with PSO-established deadlines; and e. Provide general services and coordination activities for homeland security and related topics throughout the year. Such services may include providing feedback on, input to, or communicating the PSO's real or proposed priorities to constituents and others within the COG Region. 	Ongoing
HS5.2	<p>The COG shall notify the PSO of any Public Information Act or media request received by the COG relating to any application for PSO homeland security grant funding or PSO homeland security grant-funded program no later than one (1) business day after receiving the request. The notification shall include the name of the requestor, the date the request was received by the COG, and a description of the information requested.</p> <p>The COG shall give the PSO the opportunity to review any OOG-originated materials and information prior to release, if requested by the PSO.</p> <p>The COG shall also notify the PSO as to its response to any Public Information Act or media request received by the COG relating to any application for PSO funding or PSO-funded grant program no later than one (1) business day after providing its response to the requestor. The notification shall include a description of the response (or a copy of the response, if the request was made to the requestor in writing), the date the response was provided to the requestor, and the name of the COG employee who responded to the request.</p>	Ongoing

HS6	Reporting	
HS6.1	<p>The COG shall submit monthly invoices to the PSO that include:</p> <ul style="list-style-type: none"> a. The requested payment amount for the services provided during the prior month; b. A brief description of the activities related to this Agreement the COG completed during the billing cycle; c. The total number of COG staff hours spent on activities related to this Agreement; and d. Any data necessary to understand the volume and impact of the services provided. <p>The COG agrees to use the submission method and standard report format as may be established by the PSO.</p>	<p>By the 30th of each Month*</p> <p>*e.g. Report for September services due October 30th.</p>
HS7	Other	
HS7.1	<p>Knowledge: The COG shall ensure that COG employees who work on PSO homeland security business have a working knowledge of the OOG's Guide to Grants; Uniform Grants Management Standards; Texas Grant Management Standards (effective January 1, 2022); Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200); and the state and federal statutes, rules, regulations, documents, and forms applicable to the funding opportunities listed in HS4.1.</p>	Ongoing
HS7.2	<p>Training: The COG shall ensure that one employee who works on PSO homeland security business attends and participates in mandatory training workshops, meetings, webinars, and conference calls sponsored by the PSO. The Executive Director of the PSO or an authorized representative may waive this requirement upon receipt of a written request from the Executive Director of the COG.</p>	Ongoing
HS7.3	<p>Vacancies: The COG shall notify the PSO of a vacancy involving any staff position that provides services under this Agreement within fourteen (14) calendar days after the vacancy. The COG shall also notify the PSO when a replacement is hired to fill a vacancy involving any staff position that provides services under this Agreement within fourteen (14) calendar days after the replacement's hire date.</p>	Ongoing
HS7.4	<p>Accounting Systems: The COG shall have an accounting system that accounts for costs in accordance with generally accepted accounting standards or principles. The COG must propose and account for costs in a manner consistent with such standards or principles.</p>	Ongoing

HS7.5	<p>Access to Records, Records Retention: The COG shall:</p> <ul style="list-style-type: none"> a. Maintain adequate record keeping procedures. b. Retain all records, regardless of format, related to the services and requirements identified in this Agreement (“Records”). c. Follow all legal requirements for maintaining the confidentiality and security of all Records. d. Provide originals or copies of all Records to the PSO upon the request of the PSO, auditors from the State of Texas, or auditors from the Department of Homeland Security (DHS). The COG shall permit the PSO or its designee, auditors from the State, or DHS auditors to audit and inspect Records related to this Agreement at any time. The COG shall provide reasonable access to all Records required to accomplish a review of activities, services, expenditures, and the accuracy of reviews and reports. The COG shall also provide reasonable access to its employees by the PSO or other designated representatives of the Office of the Governor, auditors from the State, or DHS auditors. Access to Records is not limited to the required retention periods. The PSO and any of its authorized representatives, including but not limited to auditors from the State or DHS auditors, shall have access to any and all Records, for any reason, upon request for as long as the records are maintained. e. Retain the Records for a period of seven (7) years after the final payment by the PSO under the terms of this Agreement with the following qualification: if any audit, claim, or litigation is initiated before the expiration of the seven-year period, the Records shall be retained until the audit, claim, or litigation is resolved or until the end of the regular seven-year period, whichever is later. At the end of the seven-year period, the COG shall request disposition instructions for the Records from the PSO, and shall dispose of the Records in accordance with the PSO’s instructions. <p>The COG shall ensure that the above requirements regarding the “Access to Records, Records Retention” are included in any subcontract it awards related to the services in this Agreement.</p>	Ongoing
HS7.6	<p>Audits: Audits conducted pursuant to this Agreement shall be in accordance with generally accepted auditing standards and established procedures and guidelines for the review or audit of an agency.</p> <p>Where the audit concerns the COG, the auditing entity will afford the COG an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final</p>	Ongoing

	audit report will include the written comments, if any, of the audited parties.	
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Statement of Work (Attachment B)
Public Safety Office ("PSO")
Criminal Justice Services

Task #	Task Description/Deliverable	Due Date
CJ1	Local Policies or Bylaws	
CJ1.1	<p>The COG shall ensure that written policies or bylaws concerning the COG's duties under this Agreement are developed and adopted by the COG's governing body in accordance with applicable laws and regulations. Governing policies must include guidance concerning the following:</p> <ul style="list-style-type: none"> a. Attendance requirements for prioritization meetings; b. Prioritization of grant applications; c. COG governing body's review and approval process; d. COG's strategic vision related to criminal justice issues; e. Conflicts of interest; f. Compliance with the requirements described in Texas Government Code, Chapter 551 (Texas Open Meetings Act); g. Local funding recommendation limitations, including but not limited to minimum or maximum application requested amounts, competition cycles, or decreasing fund ratios, if applicable; and h. If applicable, grant application workshop attendance requirements. <p>The COG's policies may not require payment of membership dues in order to be considered for funding.</p>	Ongoing
CJ1.2	The COG shall inform applicants, current grantees and other requestors of the availability of relevant COG policies and bylaws, and shall provide such policies and bylaws to interested parties upon request.	Ongoing
CJ2	Technical Assistance	
CJ2.1	<p>The COG shall make available to potential applicants in the COG's region the following:</p> <ul style="list-style-type: none"> a. Priorities identified by the COG related to criminal justice issues; b. How the COG reviews and prioritizes projects, including but not limited to, the region's methodology for risk-informed scoring/prioritization, scoring instruments, the criteria used in scoring/prioritizing applications, and other relevant materials that affect the COG's prioritization process; and 	At least 30 calendar days prior to the PSO eGrants application submission deadline.

	<p>c. Information related to the availability of training materials, or other documents regarding PSO grant application creation available on the eGrants website at: egrants.gov.texas.gov.</p> <p>The COG may choose, at the COG's discretion, to conduct grant application workshops, workgroups and/or subcommittees to provide technical assistance to potential applicants in the COG's Region for PSO criminal justice funding opportunities consistent with the COG's policies and procedures.</p>	
CJ2.2	<p>The COG shall inform applicants/grantees that PSO employees are assigned to each application/grant in eGrants and that the applicant/grantee may contact these personnel, or the eGrants Help Desk, for assistance with grant related questions and issues.</p> <p>The COG may inform applicants/grantees that technical assistance is available through the COG and, upon request, the COG shall coordinate with the PSO to provide technical assistance to grantees and applicants.</p>	Ongoing
CJ3	Oversight of the Criminal Justice Advisory Committee	
CJ3.1	<p>Each COG shall establish and maintain a Criminal Justice Advisory Committee (CJAC) that consists of participants who are knowledgeable about criminal justice related issues relevant to the COG region. The CJAC shall advise the COG on matters related to criminal justice.</p> <p>The COG shall ensure that the CJAC has a multidisciplinary representation of members from the COG's Region. The CJAC's membership must include individuals from the following groups or disciplines: non-profit organizations, municipalities, counties, citizens or parents, substance abuse prevention, education, juvenile justice, law enforcement, mental health, prosecution or courts, and victim services. No single group or discipline may constitute more than one-third (1/3) of the CJAC.</p> <p>Upon request from the PSO, COG shall provide a complete list of CJAC members and any requested information related to CJAC scoring/prioritization meetings.</p>	Ongoing
CJ3.2	<p>Conflict of Interest: The COG shall ensure that members of the COG's governing body, the CJAC, and COG staff abstain from scoring and voting on any grant application, other than a grant application submitted by a COG, during the prioritization process if the member or an individual related to the member within the third degree by consanguinity or within the second degree by affinity:</p> <p>a. Is employed by the applicant agency and works for the unit or division that would administer the grant, if awarded;</p>	Ongoing

	<ul style="list-style-type: none"> b. Serves on any governing board that oversees the unit or division that would administer the grant, if awarded; c. Owns or controls any interest in a business entity or other non-governmental organization that benefits, directly or indirectly, from activities with the applicant agency; or d. Receives any funds, or a substantial amount of tangible goods or services, from the applicant agency as a result of the grant, if awarded. <p>If a CJAC member has a conflict of interest regarding a particular grant application, the COG will ensure that the committee member abstains from voting, commenting, or otherwise influencing the prioritization process for that application.</p> <p>If any applicant, CJAC member, COG personnel or other individual has reason to believe that favoritism or inappropriate actions occurred during the scoring or prioritization of PSO criminal justice projects, the COG shall ensure that the concerns are shared with the PSO as soon as possible.</p>	
CJ3.3	<p>The COG shall actively facilitate all CJAC meetings and ensure that all CJAC members are aware of local policies and bylaws and the requirements of the COG's contract with the PSO.</p> <p>The COG shall document all CJAC proceedings related to PSO business by recording the CJAC proceedings or by preparing written minutes of the CJAC proceedings. If written minutes are prepared, the written minutes must be certified with the signature of a CJAC member who was in attendance at the meeting.</p>	Ongoing
CJ3.4	The COG shall ensure that all COG governing board meetings and CJAC meetings at which PSO criminal justice-related matters are discussed comply with the requirements listed in Texas Government Code, Chapter 551 (Texas Open Meetings Act).	Ongoing
CJ4	Strategic Planning	
CJ4.1	The COG shall provide general planning and coordination activities for issues related to criminal justice, juvenile justice, delinquency prevention, victim services, and related topics throughout the year. Such services may include providing feedback on, input to, or communication of the PSO's real or proposed priorities.	Ongoing
CJ4.2	The COG shall regularly communicate with criminal justice stakeholders, including grantees , law enforcement, non-profit organizations and other units of government, and shall engage those stakeholders when developing the region's strategic plan under CJ4.3. The COG must also inform the PSO and the Criminal Justice Advisory Committee of stakeholder interactions and provide additional insight into regional criminal justice needs.	Ongoing

CJ4.3	<p>The COG shall create a strategic plan for prioritizing the criminal justice needs in the COG's Region. The criminal justice needs relevant to this plan include, but are not limited to, criminal justice system improvements, juvenile justice system improvements, direct victim services, and mental health/substance abuse treatment.</p> <p>The strategic plan must describe the following:</p> <ul style="list-style-type: none"> a. How local communities are engaged in the planning process; b. The data used to support the plan; c. The stakeholders participating in the planning process; d. The gaps in resources for criminal justice needs; e. The criminal justice priorities identified during the planning process; and f. How the plan will be used by the CJAC during the prioritization process. <p>The plan must also include an executive summary, not to exceed two (2) pages, written for a general public audience that describes the following:</p> <ul style="list-style-type: none"> a. The strategic planning process; and b. The top five (5) most critical needs for the region across all criminal justice areas. <p>The plan should not exceed a five (5) year cycle.</p> <p>Upon request from the PSO, COG shall provide a copy of the most current strategic plan to the PSO.</p>	Ongoing
CJ5	Application Prioritization Process	
CJ5.1	<p>The COG shall ensure that:</p> <ul style="list-style-type: none"> a. The CJAC considers and prioritizes all grant applications received under the following fund sources: <ul style="list-style-type: none"> • General Victim Assistance – Direct Services Programs; • Violent Crimes Against Women Criminal Justice and Training Projects – Domestic Violence, Sexual Assault, Dating Violence, and Stalking; • Criminal Justice Programs; • General Juvenile Justice and Delinquency Prevention Programs; and • Truancy Prevention b. The CJAC or a working group designated by the COG considers and scores all grant applications received under the following fund source: 	Ongoing

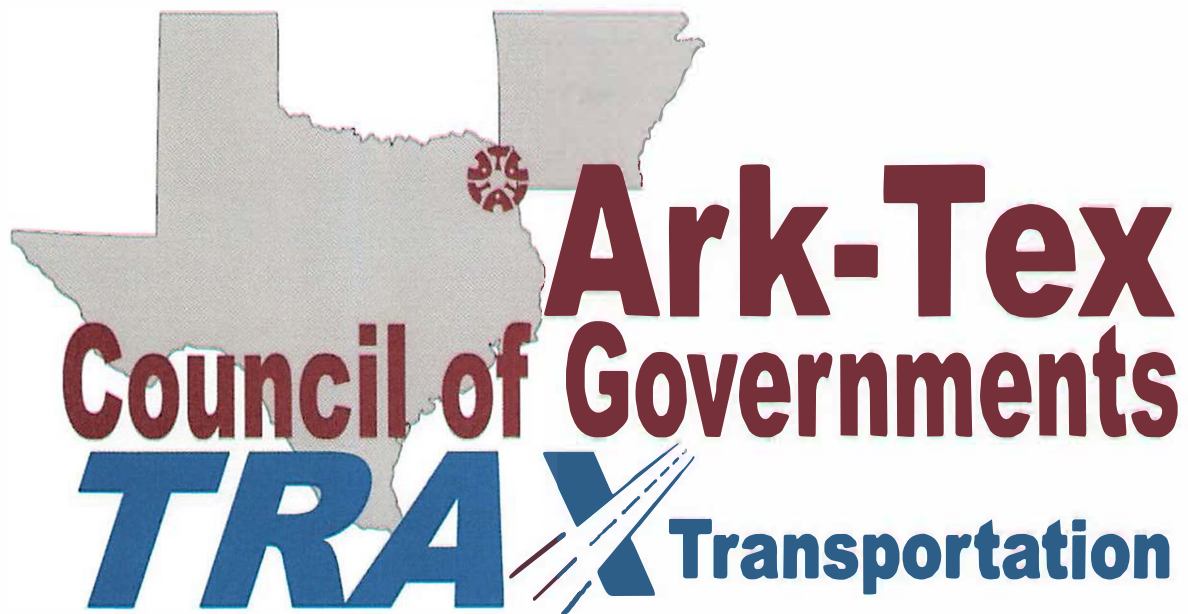
	<ul style="list-style-type: none"> • Victims of Commercial Sexual Exploitation (CSE) <p>c. The COG implements an application scoring instrument that evaluates specific elements of the application identified by the PSO;</p> <p>d. The COG shall distribute the region's applications to the CJAC members at least two (2) weeks prior to the members prioritization meeting;</p> <p>e. The CJAC members reviewing the applications prioritize the applications using a scoring instrument to record and tabulate application scoring;</p> <p>f. The COG tabulates scores and/or compiles an accurate priority list(s) for submission to the PSO using the format required by the PSO and, in the event of a tie, the COG will break all ties; and</p> <p>g. The COG's governing body reviews and approves the CJAC priority listings listed in Section 5.1.a prior to submitting them to the PSO in compliance with the applicable provisions of Texas Administrative Code, Title 1, Part 1, Chapter 3.</p>	
CJ5.2	<p>The COG shall ensure that funding recommendations on grant applications are based upon:</p> <ul style="list-style-type: none"> a. Any state strategies identified by the PSO within the RFA; b. Criminal justice priorities identified in the COG's most recently completed strategic plan; c. The eligibility, reasonableness, and cost-effectiveness of the proposed project; and d. Current COG policies and bylaws. 	Ongoing
CJ5.3	<p>Transparency: The COG shall provide current grantees and other requestors with copies of scoring instruments, the criteria used in scoring grant applications, and other relevant materials upon request.</p> <p>Notification of Prioritization Results: The COG shall notify all applicants in writing of the approved priorities identified in Section 5.1.a. The notice must state: "After the CJAC prioritizes the grant applications and the COG's governing body approves the priority listing, the COG submits the written priority listing to the PSO. Based upon the COG's priority listing, the PSO will verify the eligibility, reasonableness and cost-effectiveness strategy of the proposed project, and the availability of funding, and will render final funding decisions on these grant applications. The COG will notify applicants of any changes in the funding recommendations."</p>	The COG shall notify applicants of the region's priorities within 14 calendar days of the COG's decision.
CJ5.4	The COG shall submit, through eGrants and/or a method determined by the PSO, the approved priority listings and CSE scores, including recommended funding amounts, for the funding opportunities listed in	Approved scoring and priority

	<p>CJ5.1a and CJ5.1b. The COG's governing body must approve the priority listings prior to submission to the PSO.</p> <p>The priority listing is the sole means of communicating COG grant allocation recommendations from the COG to the PSO. The priority listing is one element upon which the PSO bases funding decisions. The COG is responsible for ensuring the appropriateness and accuracy of the priority listing, and for correcting any inaccuracies or errors that occur on the priority listing prior to submission to the PSO.</p>	listings must be uploaded into eGrants no later than May 6, 2022
CJ6	Cooperation with the PSO	
CJ6.1	<p>The COG shall:</p> <ol style="list-style-type: none"> Fully cooperate with the PSO, its authorized representatives, and PSO designated partners or contractors; Provide sufficient personnel, equipment, materials, supplies, and facilities to perform the duties and responsibilities listed in this Agreement, and to support the CJAC and their meetings related to PSO business; Ensure that all COG personnel who work on PSO business are qualified by their education, training, and experience to fulfill the responsibilities of the position for which they are employed; Prepare and submit all forms, reports, and records required by the PSO in accordance with PSO-established deadlines; and Provide general services and coordination activities for criminal justice and topics related to juvenile justice, substance abuse prevention, law enforcement, mental health, prosecution or courts and victim services. Such services may include providing feedback on, input to, or communicating the PSO's real or proposed priorities to constituents and others within the COG region. 	Ongoing
CJ6.2	<p>The COG shall notify the PSO of any Public Information Act or media request received by the COG relating to any application for PSO criminal justice funding or PSO grant-funded program no later than one (1) business day after receiving the request. The notification shall include the name of the requestor, the date the request was received by the COG, and a description of the information requested.</p> <p>The COG shall give the PSO opportunity to review any OOG-originated materials and information prior to release, if requested by the PSO.</p> <p>The COG shall also notify the PSO as to its response to any Public Information Act or media request received by the COG relating to any application for PSO funding or PSO grant-funded program no later than one (1) business day after providing its response to the requestor. The notification shall include a description of the response (or a copy</p>	Ongoing

	of the response, if the request was made to the requestor in writing), the date the response was provided to the requestor, and the name of the COG employee who responded to the request.	
CJ7	Reporting	
CJ7.1	<p>The COG shall submit monthly invoices to the PSO that include:</p> <ul style="list-style-type: none"> a. The requested payment amount for the services provided during the prior month; b. A brief description outlining the PSO criminal justice activities completed during the billing cycle; c. The total number of COG staff hours spent on activities related to this Agreement; and d. Any data necessary to understand the volume and impact of the services provided. <p>The COG agrees to use the submission method and standard report format as may be established by the PSO.</p>	<p>By the 30th of each Month*</p> <p>*e.g. Report for September services due October 30th.</p>
CJ8	Other	
CJ8.1	<p>Knowledge: The COG shall ensure that COG employees who work on PSO criminal justice business have a working knowledge of Texas Administrative Code, Title 1, Part 1, Chapter 3; the OOG's Guide to Grants; Uniform Grants Management Standards ; Texas Grant Management Standards (effective January 1, 2022); Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200); and any other state and federal statutes, rules, regulations, documents, and forms applicable to the funding opportunities listed in CJ5.1.</p>	Ongoing
CJ8.2	<p>Training: The COG shall ensure that one employee who works on PSO criminal justice business attends and participates in mandatory training workshops, meetings, webinars and conference calls sponsored by the PSO. The Executive Director of the PSO or an authorized representative may waive this requirement upon receipt of a written request from the Executive Director of the COG.</p>	Ongoing
CJ8.3	<p>Vacancies: The COG shall notify the PSO of a vacancy involving any staff position that provides services under this Agreement within fourteen (14) calendar days after the vacancy. The COG shall also notify the PSO when a replacement is hired to fill a vacancy involving any staff position that provides services under this Agreement within fourteen (14) calendar days after the replacement's hire date.</p>	Ongoing
CJ8.4	<p>Accounting Systems: The COG shall have an accounting system that accounts for costs in accordance with generally accepted accounting standards or principles. The COG must propose and account for costs in a manner consistent with such standards or principles.</p>	Ongoing

CJ8.5	<p>Access to Records, Records Retention: The COG shall:</p> <ul style="list-style-type: none"> a. Maintain adequate record keeping procedures. b. Retain all records, regardless of format, related to the services and requirements identified in this Agreement (“Records”) c. Follow all legal requirements for maintaining the confidentiality and security of all Records. d. Provide originals or copies of all Records to the PSO upon the request of the PSO, auditors from the State of Texas, or auditors from the US Department of Justice (DOJ). The COG shall permit the PSO or its designee, auditors from the State, or DOJ auditors to audit and inspect Records related to this Agreement at any time. The COG shall provide reasonable access to all Records required to accomplish a review of activities, services, expenditures, and the accuracy of reviews and reports. The COG shall also provide reasonable access to its employees by the PSO or other designated representatives of the Office of the Governor, auditors from the State, or DOJ auditors. Access to Records is not limited to the required retention periods. The PSO and any of its authorized representatives, including but not limited to auditors from the State or DOJ auditors, shall have access to any and all Records, for any reason, upon request for as long as the records are maintained. e. Retain the Records for a period of seven (7) years after the final payment by the PSO under the terms of this Agreement with the following qualification: if any audit, claim, or litigation is initiated before the expiration of the seven-year period, the Records shall be retained until the audit, claim, or litigation is resolved or until the end of the regular seven-year period, whichever is later. At the end of the seven-year period, the COG shall request disposition instructions for the Records from the PSO, and shall dispose of the Records in accordance with the PSO’s instructions. <p>The COG shall ensure that the above requirements regarding the “Access to Records, Records Retention” are included in any subcontract it awards related to the services in this Agreement.</p>	Ongoing
CJ8.6	<p>Audits: Audits conducted pursuant to this Agreement shall be in accordance with generally accepted auditing standards and established procedures and guidelines for the review or audit of an agency.</p> <p>Where the audit concerns the COG, the auditing entity will afford the COG an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report will include the written comments, if any, of the audited parties.</p>	Ongoing

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EQUAL EMPLOYMENT OPPORTUNITY PLAN

Updated September 2021

ATCOG EEO Officer:
Leslie McBride
Email: Lmcbride@ATCOG.org
Office: (903) 255-3513

4808 Elizabeth Street, Texarkana, TX 75503 ♦ 903-832-8636 ♦ www.ATCOG.org

Introductory Information

Policy Statement

The Ark-Tex Council of Governments (ATCOG) will provide a work environment that is free from discrimination, including harassment, based on race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, sexual orientation, gender identity or expression, or any other characteristic protected by federal, state or local laws. The prohibition against employment discrimination and harassment may extend to conduct that employees are subjected to from vendors, contractors, providers, customers, or others who enter the workplace. Unlawful discrimination may include, but is not limited to, employment actions related to recruitment, hiring, examination, transfer, appointment, training, promotion, demotion, compensation, termination, layoffs, or the administration of employee benefits. ATCOG shall give a veteran's preference in employment to applicants who are eligible under state statutes, and may give preference to applicants who are spouses or immediate family members of eligible veterans. The degree of such preference shall be determined by the ATCOG Executive Director and/or other supervisor(s) involved in the selection process for the position being filled. ATCOG intends to continue giving preference to veterans and their spouses or immediate family members until such time as at least 40% of the employees of ATCOG are members of this category. **An applicant must meet the minimum standards for the position being filled, or must be capable of meeting such standards within a reasonable time, or that applicant cannot be considered for employment, regardless of any preference that may apply.** ATCOG is committed to complying with all applicable federal, state, and local civil rights laws that pertain to employment. Any person employed by ATCOG who fails to comply with this policy is subject to disciplinary action.

Further, ATCOG affirms:

- ATCOG and contractors commit to equal employment for all persons, regardless of race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, sexual orientation, or gender identity or expression;
- A commitment to undertake an affirmative action program, including goals and timetables, in order to overcome the effects of past discrimination on minorities and women;
- Commit to develop a written nondiscrimination program that sets forth the policies, practices, and procedures, with goals and timetables, to which the agency is committed and make the EEO Program available for inspection by any employee or applicant for employment upon request;
- That the responsibility for the implementation of the EEO Program is assigned to the Human Resources Director, who is the designated EEO Officer;
- That all management/supervisory personnel share in this responsibility and will be assigned specific tasks to assure that compliance is achieved;
- That applicants and employees have the right to file complaints alleging discrimination with the appropriate official;
- That performance by managers, supervisors, etc., will be evaluated on the success of the EEO program the same way as their performance on their agency's goals; and
- That successful achievement of EEO goals will provide benefits to ATCOG through the fuller utilization and development of previously underutilized human resources.

ATCOG is also committed to making reasonable accommodation for individuals to practice or observe their religion or for the known physical or mental limitations of qualified individuals with disabilities and qualified veterans with disabilities, unless such accommodation would impose an undue hardship on the conduct of ATCOG business. ATCOG is equally committed to engaging in an interactive process with any person requesting accommodation as needed to determine a reasonable accommodation.

Additionally, colleagues and applicants shall not be subjected to any harassment, threats, coercion, intimidation, retaliation, or discrimination because they have requested reasonable accommodation; filed a complaint; and assisted or participated in an investigation, compliance review, hearing or any other activity related to the administration of any federal, state or local law requiring equal employment opportunity; opposed any act or practice made unlawful by any federal, state or local law requiring equal opportunity; or exercised any other right protected by federal, state or local law requiring equal employment opportunity.

The Human Resources Director shall act as the EEO Officer and be responsible for implementing the EEO Program. The Human Resources Director reports directly to the Executive Director. The EEO Officer's contact information is below:

Leslie McBride, Human Resources Director
Ark-Tex Council of Governments
4808 Elizabeth Street, Texarkana, Texas 75503
Telephone: (903) 255-3513
Fax: (903) 793-0420
Email address: lmcbride@atcog.org

The adoption of this EEO plan by the ATCOG Executive Committee is a reaffirmation of adherence to and promotion by the Committee of the policy of nondiscrimination in all action affecting ATCOG employees. The guidelines and objectives contained in this plan are designed to assist ATCOG and all of its employees in adhering to that policy.



Chris Brown, Executive Director
Ark-Tex Council of Governments

Sep 20, 2021

Date

Internal Dissemination

1. The ATCOG Human Resources Director and senior management officials, at least semi-annually in an All-Staff meeting for employees, as well as at each orientation program for new employees, will include a discussion of the EEOP Policy and will inform employees that a copy is available to them upon request.
2. ATCOG will post a PDF file of the EEOP Policy, that any user may access and download, on its intranet system for all employees.

3. ATCOG will keep two bound copies of the EEOP Policy on display in the brochure rack in the reception area of its main office at the ATCOG office building, and will provide a copy to each department head.
4. ATCOG will include a written notice in the standard Employee Handbook, explaining the EEPO.
5. At each ATCOG job site and office, ATCOG will post a written notice on the bulletin boards in employee break areas, providing information on the EEOP.

External Dissemination

1. ATCOG will post on its public website a PDF file of the EEOP that any user may access and download.
2. All advertisements for open positions for ATCOG will include a statement that the agency is an 'Equal Opportunity Employer.' This includes advertisements in all public media sources, such as radio and TV, newspapers, magazines, and association journals.
3. All ATCOG employment applications shall include a statement that the agency is an 'Equal Opportunity Employer.'
4. ATCOG will provide written notice to all job applicants, vendors, providers and contractors that they may obtain a copy of the EEOP by downloading it from the ATCOG website, or upon request.
5. ATCOG will provide its EEOP to all regular recruitment sources, including Texas Workforce Commission, as well as any minority groups, women's groups, civil rights groups, disabled advocates, community groups, unions, or other employment organizations.
6. ATCOG will meet with affinity groups to seek input on the implementation of the EEO Plan.

Equal Employment Opportunity Program

Purpose

The purposes of the Equal Employment Opportunity / Affirmative Action Program are to:

- Establish company policy and commitment to equal employment opportunities;
- Identify jobs and departments where minorities and females are underrepresented;
- Set specific, measurable, attainable hiring and promotion goals (including target dates);
- Monitor job descriptions and hiring criteria to ensure they communicate actual job needs only;
- Locate minorities and women who qualify or can become qualified to fill goals.

Affirmative Action Plan

All ATCOG staff, potential employees, and applicants are entitled to equal employment opportunities and will not be discriminated against because of race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, sexual orientation, or gender identity or expression, providing they are otherwise qualified and meet requirements established by ATCOG for the job they seek.

ATCOG will do the following, as a minimum effort, to utilize minorities and women in all levels of the workplace and in all parts of our workforce:

- Post job openings in locations frequently utilized by protected classes, such as the Work in Texas website, Unemployment Office, etc.
- Announce job openings in local media, to include minority newspapers.
- Encourage minorities and women to apply for open positions.
- Promote minorities and women who are qualified or can become qualified into open positions, if the promotion supports needed diversity in the workplace.

EEO Officer: General Responsibilities

The Human Resources Director is the designated Equal Employment Opportunity Officer for ATCOG. This position will be responsible for implementing and managing the EEO program. Individuals who would like to discuss this policy, and/or file a complaint alleging discrimination, should contact the Human Resources Director at 903/255-3513 or lmcbride@atcog.org.

The EEO Officer will perform the following duties:

- Develop and recommend EEO policy, a written EEO program, and internal and external communication procedures;
- Assist management in collecting and analyzing employment data, identifying problem areas, setting goals and timetables, and developing programs to achieve goals;
- Design, implement, and monitor internal audit and reporting systems to measure program effectiveness and to determine where progress has been made and where further action is needed;
- Report semiannually to the Executive Director on the progress of each unit in relation to the agency's goals and contractor and vendor compliance;
- Serve as liaison between the agency, Federal, State, county, and local governments, regulatory agencies, minority, handicapped and women's organizations, and other community groups;
- Assure that current legal information affecting affirmative action is disseminated to responsible officials;
- Assist in recruiting minority, handicapped and women applicants and establishing outreach sources for use by hiring officials;
- Audit postings of the EEO policy statement to ensure compliance information is posted and up to date;
- Concur in all hires and promotions;
- Process employment discrimination complaints; and
- Periodically review employment practices policies concerning complaint policies, reasonable accommodation, performance evaluations and grievance procedures.

The responsibilities assigned to ATCOG Management are to:

- Assist in identifying problem areas and establishing agency and unit goals and objectives;
- Be actively involved with local minority organizations, women's and handicapped groups, community action organizations and community service programs designed to promote EEO;
- Actively participate in periodic audits of all aspects of employment, to identify and remove barriers obstructing the achievement of goals and objectives;
- Conduct regular discussions with other managers, supervisors, employees, and affinity groups to assure the agency's policies and procedures are being followed;
- Review the qualifications of all employees to assure that minorities, handicapped persons, and women are given full opportunities for transfers, promotions, training, salary increases, and other forms of compensation;
- Participate in the review and investigation of complaints alleging discrimination;
- In conjunction with the EEO Officer, maintain and update the personnel database for generating reports required for the nondiscrimination program;
- Encourage employee participation to support the advancement of the EEO Program by offering professional development, career growth opportunities, positing promotional opportunities, shadowing, and mentoring;
- Conduct and support career counseling for all employees; and
- Participate in periodic audits to ensure that each agency unit is in compliance (e.g., EEO posters are properly displayed on all employee bulletin boards).

Review and Revision of Employment Practices

Recruitment and Testing

- ATCOG will follow procedures for recruiting and selecting employees established by the Executive Director. Recruitment and selection will be non-discriminatory and shall be based substantially on bona fide occupational qualifications. These procedures include: advertising, scoring applications, conducting interviews and offer of employment.
- All job openings will be posted on the ATCOG website, various job boards associated with ATCOG's web-based application system, the website associated with Workforce Solutions East Texas (WorkinTexas.org), placed in the local newspaper when needed, and an internal job posting link will be emailed to all ATCOG staff.
- All job postings will contain the following statement. "An Equal opportunity / Affirmative Action Employer."
- When testing is performed for a position, it is done to ensure that the applicant has the minimum level of knowledge, skill or ability required for the position. Identical testing materials and conditions will be provided to every applicant interviewing for the specific job.

Position Descriptions

- All position descriptions will be developed using a job information questionnaire that includes the job duties, educational requirements, minimum number of years of experience required, skills and abilities needed to perform the work, and all physical requirements of the position.
- These detailed requirements will be included in the posting on the ATCOG website. Each additional posting method used will direct applicants to the ATCOG website to view the full job description for each position.

Promotion and Transfer procedures

- The leadership team will focus on one's ability to perform assigned tasks and duties, rather than longevity.
- Employees' applications or resumes and employees' files will be reviewed prior to making a selection.

Seniority Practices

- The Executive Director has established procedures for recruiting and selecting ATCOG employees. Recruitment and selection will be non-discriminatory and shall be based substantially on bona fide occupational qualifications.

Interview procedures

- At least two people will perform driver interviews.
- One Interviewer will be of a different gender, race, or both, when possible.

Promotion

- No applicant will be denied a promotion on the basis of gender or any other prohibited criteria.
- Applicants will be given a trial on the job to prove their capability, if they are otherwise eligible for the promotion.

Wage Procedures

- All wages for new employees, transfers and promotions must meet the budgetary requirements of the division or specific grant.
- Wages must have the Executive Director's approval prior to the Human Resources division submitting changes to Payroll department.

Salary Level and other Benefits

- Salaries for a position are determined based on the responsibilities contained in the job requirements and the scope of services required of the position.
- The benefits available to an employee are based on their employment status with ATCOG (e.g., full-time, part-time)
- The benefits offered to employees are always included in the ATCOG Personnel Policies which are set and approved by the ATCOG Executive Committee.

Disciplinary Procedures

- ATCOG adheres to a discipline policy, which is outlined in the ATCOG Policies and Procedures Manual.
- ATCOG may use any of the following types of discipline at any time:
 - Counseling
 - Suspension without pay for a period of up to 3 days
 - Termination

Termination and Layoff

- ATCOG employees are employed at will and, within the limits of state and federal law applying to public employment, may at any time during their employment, be terminated with or without notice, for any lawful reason or for no reason.
- An employee may be laid off when his or her position is abolished, or when there is

either a lack of funds or a lack of appropriate work. When reductions in force are necessary, decisions on individual separations will be made after considering (1) the relative necessity of each position to the organization, (2) the performance record of each employee, (3) transferability of the employee's skills to remaining positions with the ATCOG, and (4) the employees length of service with ATCOG.

Training

- Training programs shall be designed to upgrade the skills of employees so that they can improve performance in their present position.
- On-the-job training will be designed so that employees have an opportunity to acquire skills needed to qualify for a better position with ATCOG.
- Employees with managerial ability will be encouraged to acquire skills on-the-job or through more formalized training prior to their advancement into a management position.
- All employees, including managers, will receive periodic EEO training. New supervisors or managers will receive training within 90 days of their appointment.
- The Human Resources Director will advise employees and applicants of training programs and professional development opportunities and the entrance requirements.

EEO Complaint Process

Individuals who would like to discuss and/or file a complaint alleging discrimination should contact the EEO Officer or Executive Director. **The EEO Officer should be contacted immediately, if you believe you have been discriminated against.** The following procedures will be used to process discrimination complaints.

Counseling

The first step in resolving discrimination complaints is counseling. The purpose of counseling is to determine whether there is a problem and, if there is, to correct it as soon as possible. Emphasis at this point is on early resolution.

The EEO Officer is responsible for clarifying the problem and attempting to resolve it to everyone's satisfaction. The EEO Officer will:

- Clarify the issues;
- Identify whether the problems are covered by the EEO Office's Discrimination Complaint Process;
- Outline alternative procedures;
- Identify options;
- Attempt to work out a resolution agreeable to all concerned, if possible;
- Provide information on external enforcement agencies (*i.e.*, the EEOC, the Texas Commission on Human Rights, FTA and the DOT).

The Complainant must sign the EEO Discrimination Complaint Form issued by the EEO Officer before an informal process can begin. The EEO Officer has fifteen (15) working days to counsel and make efforts to resolve the issue informally. If, at the end of this time period there is no resolution in sight, the Complainant will be informed of their right to proceed with a formal complaint. If they wish to continue to pursue their allegations and have the EEO Officer begin a formal investigation, the Complainant may file a formal complaint within 5 working days.

Filing a Formal Complaint

The Complainant must sign the Internal Discrimination Complaint Form issued by the EEO Officer before a formal investigation can begin. The Complainant should be prepared to support any allegations claimed to be discriminatory by furnishing all pieces of pertinent evidence: letters, memos, dates, times, and/or witnesses to the claim alleged in the complaint. A mere allegation of discrimination may be insufficient to make a determination. The investigative part of the process is designed to establish the facts, once clear basic information is provided.

Rejecting a Complaint

If the EEO Officer decides to reject a complaint, the Complainant will be notified in writing within ten (10) working days after a formal complaint is filed.

The EEO Officer may reject any claim, if the officer determines that the allegations are not within the realm of the discrimination guidelines. If the EEO Officer makes this determination, the notice of rejection will be final and cannot be appealed unless new evidence can be presented which falls within the discrimination guidelines of race, color, creed, religion, national origin, genetic information, disability, sex or age.

Investigation

In order to maintain the integrity of an EEO investigation, if a formal complaint is accepted, the EEO Officer will designate someone outside of the Human Resources Division, up to and including an independent contractor, to perform a full investigation of the complaint received. The investigation will be completed within twenty-five (25) working days of receiving the formal complaint. An investigation may be extended beyond the twenty-five (25) working days if it is deemed necessary to conduct a more thorough, in-depth investigation. The designated individual will conduct interviews, take affidavits from Complainant(s) and other apparent witnesses, and will gather any other pertinent information from all available sources.

Proper investigation of any allegation of discrimination requires that any employee with relevant knowledge assist in the investigation. Such participation may be in the form of verbal communications, written statements, or providing other records that may be relevant. Any employee deemed to have relevant knowledge of the allegations shall participate to the best of his or her ability during these investigations.

Informal Resolution

During and at the conclusion of the investigation, the EEO Officer, when feasible and consistent with ATCOG policies and procedures, will continue to attempt to resolve the complaint on an informal basis. The Complainant(s) must sign and date any resolution offered that has been accepted. Such acceptance constitutes settlement of the complaint; however, any resolution offered and accepted does not constitute an admission of any wrongdoing by ATCOG or any of its agents.

One of the major objectives of the complaint process is fairness and early resolution of complaints. Consequently, ATCOG regards the efforts made by all parties in early resolution attempts as extremely important and crucial to the integrity and intent of this process.

Complaint Disposition

At the conclusion of the investigation, the designee will issue findings of fact and conclusions and will make recommendations for corrective action, if required, or other resolutions. The Complainant will be contacted to receive and sign-off on their acknowledgment of receipt of the designee's disposition of their complaint. Thereafter, the accused person(s) will be notified of the designee's recommendations.

Appeal of Disposition

If the Complainant is not in agreement with the investigation findings and determination contained in the disposition, he or she may appeal the decision in writing within ten (10) working days to the Executive Director.

The Executive Director will then investigate the alleged violation and review relevant facts, and upon completion of this investigation, the Executive Director will issue a decision within ten (10) working days, in consultation with designated investigator and the EEO Officer. If the Complainant is not in agreement with the Executive Director's finding and determination, he or she may appeal the Executive Director's decision in writing within seven (7) working days to the ATCOG Executive Committee.

The Complainant will be advised that if the final decision is unacceptable, an appeal may be made to the EEOC, Texas Commission on Human Rights, or the FTA.

Special Provision

If any allegation of discrimination arises with the EEO Officer and/or against the EEO Officer, such allegations will be referred to the Executive Director to process and investigate accordingly. Likewise, if any allegation of discrimination arises with the Executive Director and/or against the Executive Director, the EEO Officer will involve the ATCOG Board President. Any attempts at resolution will be according to the above stated procedures.

For more information regarding ATCOG Equal Opportunity policy, please contact:

Leslie McBride, Human Resources Director
Ark-Tex Council of Governments
4808 Elizabeth Street, Texarkana, Texas 75503
Telephone: (903) 255-3513
Fax: (903) 793-0420
Email address: lmcbride@atcog.org

Monitoring and Reporting System

1. ATCOG has a monitoring system that monitors the following EEO components:
 - a. Dissemination-ATCOG adheres to all statements made in the dissemination plan. The EEO Officer ensures all actions are completed.
 - b. Statistical Employment Practices-The EEO Officer maintains spreadsheets to ensure employment practices statistics is kept up to date.
2. ATCOG is in the process of obtaining contractors' EEO Programs. ATCOG is also ensuring that all facilities have proper posting of the EEO Policy and Statement.

ATCOG currently only has one contractor for the Transportation Department, which is Allied Compliance for drug and alcohol testing. ATCOG will contact Allied Compliance to ensure they have a current EEO Program.

TRANSPORTATION CONTRACTORS	
NAME	SERVICES
Allied Compliance	Drug and Alcohol Testing

3. ATCOG does not have a union so therefore ATCOG does not have any union contracts to review.
4. ATCOG currently doesn't have any EEO complaints. However, in the future should we receive a complain the EEO Officer will maintain a spreadsheet with the following data:
 - a. Monitoring of Trends- The spreadsheet will break down what area the complaint is pertaining to such as race, gender, origin, etc.
 - b. Timeliness of Investigations-The spreadsheet will contain dates such as the day the complaint is received, any progress made and resolution.
 - c. Resolutions-The spreadsheet will contain what was done to resolve the complaint.
 - d. Reporting to Management-The spreadsheet will contain who in management, when, how they were notified of the complaint.
5. Meetings will be held between the Executive Director and EEO Officer to discuss the progress of the EEO Program and the results of the monitoring. The EEO Officer will provide the data collected concerning hiring, promotions, status of complaints, etc. to the Executive Director.
6. The EEO Office will keep a log of all EEO related meetings held with the Executive Director. This log will include topics covered and any follow up actions that are needed.
7. The EEO Officer will ensure hiring officials review current EEO goals and statistics on employment practices and policies. The EEO Officer will verify that all job descriptions contain legitimate position requirements and all testing is validated.
8. The EEO Officer will maintain list of all contractors who are being monitored and the services they provide.
9. The EEO Officer will obtain proof of contractors' EEO Programs and retain copies of any documentation pertaining to these programs.
10. The EEO Officer will maintain an organizational chart of the agency showing reporting relationships of all employees.

By signing below as the Executive Director of the agency, I certify and agree to adhere to the ATCOG EEO Policy and Affirmative Action Plan in its entirety.



Chris Brown, Executive Director
Ark-Tex Council of Governments

Sep 20, 2021

Date

ATCOG Employment Practices

	SEPARATIONS														Total
	Race/Ethnicity														
	Hispanic or Latino		Non-Hispanic or Latino												
			Male						Female						
Male	Female	White	Black or African American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	2 or More Races	White	Black or African American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	2 or More Races		
Resignation			9	2				6	3						20
Retirement															0
Retirement in Lieu of Termination															0
Termination/Discipline			1					3	3						7
Disability Retirement															0
Reduction in Force (RIF)															0
Death															0
Total	0	0	10	0	0	0	0	9	6	0	0	0	0	0	27

	DISCIPLINARY ACTIONS														Total
	Race/Ethnicity														
	Hispanic or Latino		Non-Hispanic or Latino												
			Male						Female						
			Male	Female	White	Black or African American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	2 or More Races	White	Black or African American	Native Hawaiian or other Pacific Islander	Asian	
Termination			1						3	3					7
Written Warning			2						2	1					5
Verbal Warning															0
Total	0	0	3	0	0	0	0	0	5	4	0	0	0	0	12

PROMOTIONS

Job Categories	Hispanic			White			Black or African American			Native Hawaiian or other Pacific Islander			Asian			American Indian or Alaska Native			2 or More Races			TOTAL APPLICANTS
	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	
Executive/Senior Level Officials and Managers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
First/Mid Level Officials and Managers	0	0	0%	6	6	100%	3	3	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	9
Professionals	0	0	0%	1	1	100%	1	1	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	2
Technicians	0	0	0%	2	2	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	2
Sales Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Administrative Support Workers	0	0	0%	2	2	100%	3	3	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	5
Craft Workers	0	0	0%	1	1	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	1
Operatives	0	0	0%	1	1	100%	2	2	100%	0	0	0%	0	0	0%	1	1	100%	0	0	0%	4
Laborers and Helpers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Service Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Total	0	0	0%	13	13	100%	9	9	100%	0	0	0%	0	0	0%	0	0	100%	0	0	0%	23

Job Categories	APPLICANTS-MALE																		TOTAL APPLICANTS			
	Hispanic			White			Black or African American			Native Hawaiian or other Pacific Islander			Asian			American Indian or Alaska Native				2 or More Races		
	Applied	% Promoted	% Applied	Applied	% Promoted	% Applied	Applied	% Promoted	% Applied	Applied	% Promoted	% Applied	Applied	% Promoted	% Applied	Applied	% Promoted	% Applied		Applied	% Promoted	% Applied
Executive/Senior Level Officials and Managers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
First/Mid Level Officials and Managers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Professionals	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Technicians	0	0	0%	1	1	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	1
Sales Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Administrative Support Workers	0	0	0%	12	0	0%	5	0	0%	0	0	0%	0	0	0%	0	0	0%	2	0	0%	19
Craft Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Operatives	2	1	50%	35	2	6%	24	2	8%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	61
Laborers and Helpers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0
Service Workers	1	1	100%	2	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	3
Total	3	2	150%	50	3	6%	29	2	7%	0	0	0%	0	0	0%	0	0	0%	2	0	0%	84

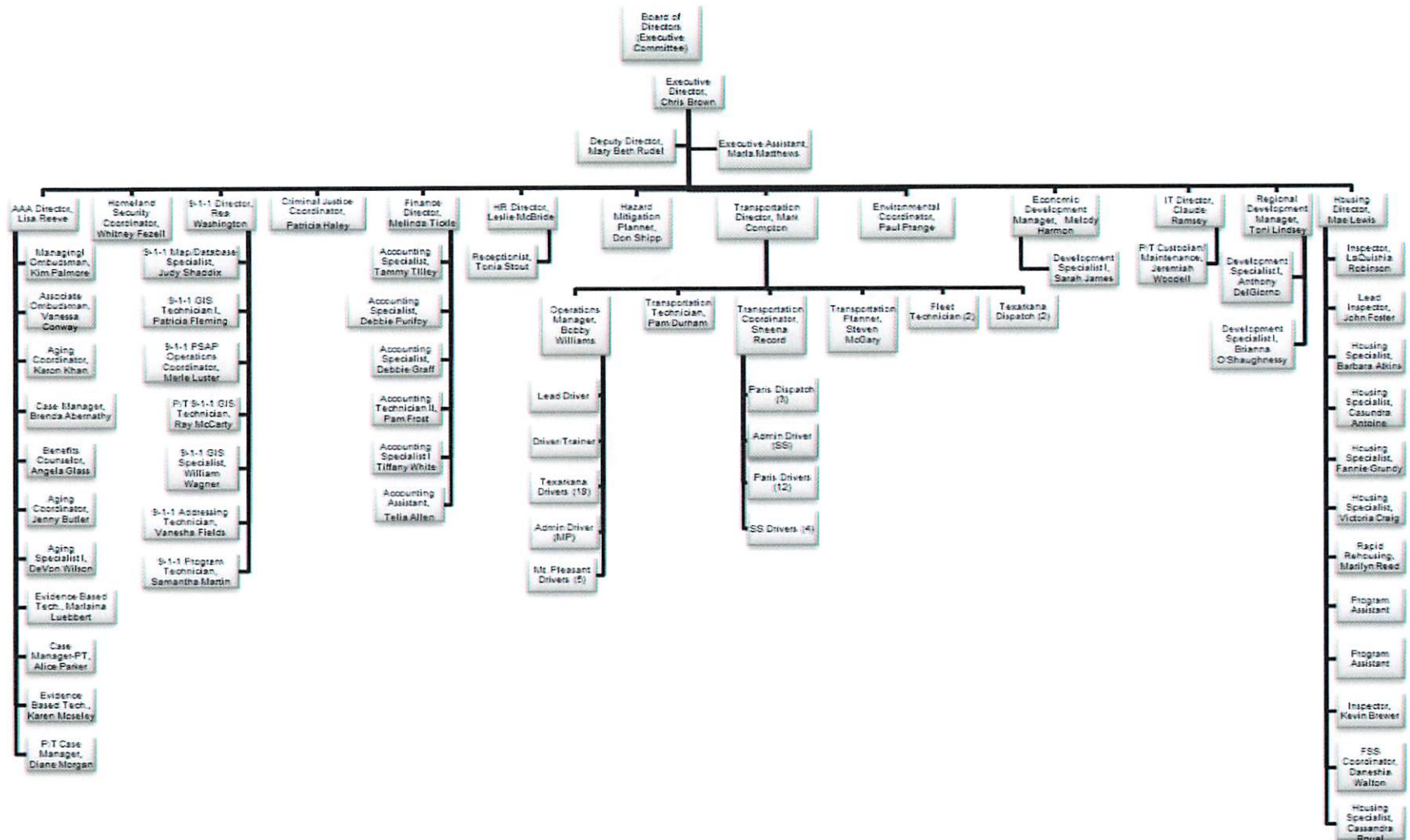
Job Categories	APPLICANTS-FEMALE																					TOTAL APPLICANTS			
	Hispanic						White			Black or African American			Native Hawaiian or Other			Asian			American Indian or Alaska				2 or More Races		
	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted	Applied	Promoted	% Promoted		Applied	Promoted	% Promoted
Executive/Senior Level Officials and Managers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
First/Mid Level Officials and Managers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Professionals	0	0	0%	6	1	17%	2	1	50%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Technicians	0	0	0%	2	2	100%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Sales Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Administrative Support Workers	1	1	100%	88	5	6%	90	3	3%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	5	0	0%	
Craft Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Operatives	0	0	0%	15	5	33%	21	3	14%	0	0	0%	0	0	0%	0	0	0%	1	1	100%	0	0	0%	
Laborers and Helpers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Service Workers	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	
Total	1	1	100%	111	13	12%	113	7	6%	0	0	0%	0	0	0%	1	1	100%	5	0	0%	5	0	0%	

Totals	27
Separations	12
Disciplinary Actions	315
Applicants	23
Promotions	29
Hires	

Job Categories	EMPLOYEE TRAINING-MALE														TOTAL TRAINED
	Hispanic		White		Black or African American		Native Hawaiian or other Pacific		Asian		American Indian or Alaska Native		2 or More Races		
	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	
Officials and Managers	0	0	2	2	1	1	1	1	0	0	0	0	0	0	4
Professionals	0	0	3	1	2	2	0	0	0	0	0	0	0	0	3
Technicians	0	0	3	1	0	0	0	0	0	0	0	0	0	0	1
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative Support Workers	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Craft Workers	0	0	3	3	0	0	0	0	0	0	0	0	0	0	3
Operatives	0	0	19	19	6	6	1	1	0	0	0	0	0	0	26
Laborers and Helpers	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	32	26	9	9	0	0	0	0	0	0	0	0	37

Job Categories	EMPLOYEE TRAINING-FEMALE														TOTAL TRAINED
	Hispanic		White		Black or African American		Native Hawaiian or other Pacific		Asian		American Indian or Alaska Native		2 or More Races		
	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	Total Employees	# Trained	
Officials and Managers	0	0	6	4	2	1	0	0	0	0	0	0	0	0	5
Professionals	0	0	12	1	10	0	0	0	0	0	0	0	0	0	1
Technicians	0	0	5	1	2	1	0	0	0	0	0	0	0	0	2
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative Support Workers	0	0	10	2	4	1	0	0	0	0	0	0	0	0	3
Craft Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operatives	0	0	6	6	5	5	0	0	0	0	0	0	0	0	11
Laborers and Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	4	0	1	0	0	0	0	0	0	0	0	0	0
Total	0	0	43	14	24	8	0	0	0	0	0	0	0	0	22

ARK-TEX COUNCIL OF GOVERNMENTS ORGANIZATIONAL SERVICES CHART PROGRAMS



ATCOG EEO PLAN UPDATED 2021 Approved

Final Audit Report

2021-09-20

Created:	2021-09-20
By:	Leslie McBride (lmcbride@atcog.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAZU0-U_50seN6qk3a_kp4N0RguBLCIZYP

"ATCOG EEO PLAN UPDATED 2021 Approved" History



Document created by Leslie McBride (lmcbride@atcog.org)

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Document e-signed by Chris Brown (cbrown@atcog.org)

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Agreement completed.

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THE ARK TEX COUNCIL OF GOVERNMENT FBP CAFETERIA PLAN

ARTICLE I. Introductory Provisions

ARK TEX COUNCIL OF GOVERNMENT FBPs ("the Employer") hereby amends and restates the ARK TEX COUNCIL OF GOVERNMENT FBPs Cafeteria Plan ("the Plan") effective as of 10/1/2013 5:00:00 AM. The Plan was originally effective 10/1/2010 5:00:00 AM. Capitalized terms used in this Plan that are not otherwise defined shall have the meanings set forth in Article II.

This Plan is designed to allow an Eligible Employee to pay for his or her share of Contributions under one or more Insurance Plans on a pre-tax Salary Reduction basis.

This Plan is intended to qualify as a "cafeteria plan" under Code § 125 and the regulations issued thereunder. The terms of this document shall be interpreted to accomplish that objective.

Although reprinted within this document, the different components of this Plan shall be deemed separate plans for purposes of administration and all reporting and nondiscrimination requirements imposed on such components by the Code.

ARTICLE II. Definitions

"Accident Insurance Benefits (Also includes Accidental Death & Dismemberment (AD&D))" means the Employee's Accident/Accidental Death & Dismemberment Insurance Plan coverage for purposes of this Plan.

"Accident Plan(s) (Also includes Accidental Death & Dismemberment (AD&D)Plans)" means the plan(s) that the Employer maintains for its Employees providing benefits through a group insurance policy or policies in the event of injury or accidental death and/or dismemberment. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"Benefits" means the Premium Payment Benefits.

"Benefit Package Option" means a qualified benefit under Code § 125(f) that is offered under a cafeteria plan, or an option for coverage under an underlying accident or health plan (such as an indemnity option, an HMO option, or a PPO option under an accident or health plan).

"Change in Status" has the meaning described in Section 4.6.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contributions" means the amount contributed to pay for the cost of Benefits (including self-funded Benefits as well as those that are insured), as calculated under Section 6.2 for Premium Payment Benefits.

"Committee" means the Benefits Committee (or the equivalent thereof) of ARK TEX COUNCIL OF GOVERNMENT FBPs

"Compensation" means the wages or salary paid to an Employee by the Employer, determined prior to (a) any Salary Reduction election under this Plan; (b) any salary reduction election under any other cafeteria plan; and (c) any compensation reduction under any Code § 132(f)(4) plan; but determined after (d) any salary deferral elections under any Code § 401(k), 403(b), 408(k), or 457(b) plan or arrangement. Thus, "Compensation" generally means wages or salary paid to an Employee by the Employer, as reported in Box 1 of Form W-2, but adding back any wages or salary forgone by virtue of any election described in (a), (b), or (c) of the preceding sentence.

"Dental Insurance Benefits" means the Employee's Dental Insurance Plan coverage for purposes of this Plan.

"Dental Insurance Plan(s)" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents that may be eligible under the terms of such plan(s)) providing dental benefits through a group insurance policy or policies. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"Dependent" means any individual who is a tax dependent of the Participant as defined in Code § 152, with the following exceptions: (a) for purposes of accident or health coverage (to the extent funded under the Premium Payment Component, and for purposes of the Health FSA Component), (1) a dependent is defined as in Code § 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof; and (2) any child to whom IRS Rev. Proc. 2008-48 applies. Furthermore, notwithstanding anything in the foregoing that may be to the contrary, a "Dependent" shall also include for purposes of any accident or health coverage provided under this plan a child of a Participant who has not attained age 27 by the end of any given taxable year.

"Disability Insurance Benefits" means the Employee's Disability Insurance Plan coverage for purposes of this Plan.

"Disability Insurance Plan(s)" means the plan(s) that the Employer maintains for its Employees providing benefits through either or both a short-term or long-term disability insurance policy or policies in the event the disability of a covered Participant. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"Earned Income" means all income derived from wages, salaries, tips, self-employment, and other Compensation (such as disability or wage continuation benefits), but only if such amounts are includible in gross income for the taxable year. Earned income does not include any other amounts excluded from earned income under Code § 32(c)(2), such as amounts received under a pension or annuity or pursuant to workers' compensation.

"Effective Date" of this Plan has the meaning described in Article 1.

"Election Form/Salary Reduction Agreement" means the form provided by the Administrator for the purpose of allowing an Eligible Employee to participate in this Plan by electing Salary Reductions to pay for Premium Payment Benefits. This form may be in either paper or electronic form at the Employer's discretion in accordance with the procedures detailed in Article IV.

"Eligible Employee" means an Employee eligible to participate in this Plan, as provided in Section 3.1.

"Employee" means an individual that the Employer classifies as a common-law employee and who is on the Employer's W-2 payroll, but does not include the following: (a) any leased employee (including but not limited to those individuals defined as leased employees in Code § 414(n)) or an individual classified by the Employer as a contract worker, independent contractor, temporary employee, or casual employee for the period during which such individual is so classified, whether or not any such individual is on the Employer's W-2 payroll or is determined by the IRS or others to be a common-law employee of the Employer; (b) any individual who performs services for the Employer but who is paid by a temporary or other employment or staffing agency for the period during which such individual is paid by such agency, whether or not such individual is determined by the IRS or others to be a common-law employee of the Employer; (c) any employee covered under a collective bargaining agreement; (d) any self-employed individual; (e) any partner in a partnership; (f) any more-than-2% shareholder in a Subchapter S corporation. The term "Employee" does include "former Employees" for the limited purpose of allowing continued eligibility for benefits under the Plan for the remainder of the Plan Year in which an Employee ceases to be employed by the Employer, but only to the extent specifically provided elsewhere under this Plan.

"Employer" means ARK TEX COUNCIL OF GOVERNMENT FBPs, and any Related Employer that adopts this Plan with the approval of ARK TEX COUNCIL OF GOVERNMENT FBPs. Related Employers that have adopted this Plan, if any, are listed in Appendix A of this Plan. However, for purposes of Articles XI and XIV and Section 15.3, "Employer" means only ARK TEX COUNCIL OF GOVERNMENT FBPs.

"Employment Commencement Date" means the first regularly scheduled working day on which the Employee first performs an hour of service for the Employer for Compensation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"FMLA" means the Family and Medical Leave Act of 1993, as amended.

"Health Insurance Benefits" means any insurance benefits providing medical or other health insurance coverage through a group insurance policy or policies.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended.

"HMO" means the health maintenance organization Benefit Package Option under the Medical Insurance Plan.

"Hospital Indemnity Benefits" means the Employee's Hospital Indemnity Plan coverage for purposes of this Plan.

"Hospital Indemnity Plan(s)" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents that may be eligible under the terms of such plan(s)) providing certain indemnity benefits in the event of hospitalization or other similar medical event through a group insurance policy or policies. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"HRA" means a health reimbursement arrangement as defined in IRS Notice 2002-45.

"Insurance Benefits" means benefits offered through the Insurance Plans.

"Insurance Plan(s)" means a plan or plans offering benefits through a group insurance policy or policies.

"Medical Insurance Benefits" means the Employee's Medical Insurance Plan coverage for purposes of this Plan.

"Medical Insurance Plan(s)" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents that may be eligible under the terms of such plan), providing major medical type benefits through a group insurance policy or policies (with HMO and PPO options). The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"Open Enrollment Period" with respect to a Plan Year means any period before the beginning of the Plan Year that may be prescribed by the Administrator as the period of time in which Employees who will be Eligible Employees at the beginning of the Plan Year may elect benefits.

"Participant" means a person who is an Eligible Employee and who is participating in this Plan in accordance with the provisions of Article III. Participants include (a) those who elect one or more of the Medical Insurance Benefits and (b) those who elect instead to receive their full salary in cash and to pay for their share of their Contributions under the Medical Insurance Plan.

"Period of Coverage" means the Plan Year, with the following exceptions: (a) for Employees who first become eligible to participate, it shall mean the portion of the Plan Year following the date on which participation commences, as described in Section 3.1; and (b) for Employees who terminate participation, it shall mean the portion of the Plan Year prior to the date on which participation terminates, as described in Section 3.2.

"Plan" means the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan as set forth herein and as amended from time to time.

"Plan Administrator" means the ARK TEX COUNCIL OF GOVERNMENT FBP Human Resources Manager or the equivalent thereof for ARK TEX COUNCIL OF GOVERNMENT FBP, who has the full authority to act on behalf of the Plan Administrator, except with respect to appeals, for which the Committee has the full authority to act on behalf of the Plan Administrator, as described in Section 13.1.

"Plan Year" means the 12-month period commencing 10/1/2021 and ending on 9/30/2022, except in the case of a short plan year representing the initial Plan Year or where the Plan Year is being changed, in which case the Plan Year shall be the entire short plan year.

"PPO" means the preferred provider organization Benefit Package Option under the Medical Insurance Plan.

"Premium Payment Benefits" means the Premium Payment Benefits that are paid for on a pre-tax Salary Reduction basis as described in Section 6.1.

"Premium Payment Component" means the Component of this Plan described in Article VI.

"QMCSO" means a qualified medical child support order, as defined in ERISA § 609(a).

"Related Employer" means any employer affiliated with ARK TEX COUNCIL OF GOVERNMENT FBP that, under Code § 414(b), § 414(c), or § 414(m), is treated as a single employer with ARK TEX COUNCIL OF GOVERNMENT FBP for purposes of Code § 125(g)(4).

"Salary Reduction" means the amount by which the Participant's Compensation is reduced and applied by the Employer under this Plan to pay for one or more of the Benefits, as permitted for the applicable Component, before any applicable state and/or federal taxes have been deducted from the Participant's Compensation (i.e., on a pre-tax basis).

"Specified Disease or Illness Insurance Benefits" means the Employee's Specified Disease or Illness Insurance Plan coverage for purposes of this Plan.

"Specified Disease or Illness Insurance Plan(s)" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents that may be eligible under the terms of such plan(s)) providing certain benefits with regard to a particular critical illness or illnesses (e.g., a "cancer policy" or the like) through a group insurance policy or policies. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

"Spouse" means an individual who is legally married to a Participant as determined under applicable state law (and who is treated as a spouse under the Code).

"Vision Insurance Benefits" means the Employee's Vision Insurance Plan coverage for purposes of this Plan.

"Vision Insurance Plan(s)" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents that may be eligible under the terms of such plan(s)) providing vision benefits through a group insurance policy or policies. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits,

terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

ARTICLE III. Eligibility and Participation

3.1 Eligibility to Participate

An individual is eligible to participate in this Plan if the individual: (a) is an Employee; (b) is working 30 hours or more per week; and (c) has been employed by the Employer for a consecutive period of 90 days, counting his or her Employment Commencement Date as the first such day. Eligibility for Premium Payment Benefits may also be subject to the additional requirements, if any, specified in the Medical Insurance Plan. Once an Employee has met the Plan's eligibility requirements, the Employee may elect coverage effective the first day of the next calendar month, in accordance with the procedures described in Article IV.

3.2 Termination of Participation

A Participant will cease to be a Participant in this Plan upon the earlier of:

- the termination of this Plan; or
- the date on which the Employee ceases (because of retirement, termination of employment, layoff, reduction of hours, or any other reason) to be an Eligible Employee. Notwithstanding the foregoing, for purposes of pre-taxing COBRA coverage certain Employees may continue eligibility for certain periods on the terms and subject to the restrictions described in Section 6.4 for Insurance Benefits.

Termination of participation in this Plan will automatically revoke the Participant's elections. The Medical Insurance Benefits will terminate as of the date specified in the Medical Insurance Plan.

3.3 Participation Following Termination of Employment or Loss of Eligibility

If a Participant terminates his or her employment for any reason, including (but not limited to) disability, retirement, layoff, or voluntary resignation, and then is rehired within 30 days or less after the date of a termination of employment, then the Employee will be reinstated with the same elections that such individual had before termination. If a former Participant is rehired more than 30 days following termination of employment and is otherwise eligible to participate in the Plan, then the individual may make new elections as a new hire as described in Section 3.1. Notwithstanding the above, an election to participate in the Premium Payment Component will be reinstated only to the extent that coverage under the Medical Insurance Plan (here, major medical insurance) is reinstated. If an Employee (whether or not a Participant) ceases to be an Eligible Employee for any reason (other than for termination of employment), including (but not limited to) a reduction of hours, and then becomes an Eligible Employee again, the Employee must complete the waiting period described in Section 3.1 before again becoming eligible to participate in the Plan.

3.4 FMLA Leaves of Absence

(a) Health Benefits. Notwithstanding any provision to the contrary in this Plan, if a Participant goes on a qualifying leave under the FMLA, then to the extent required by the FMLA, the Employer will continue to maintain the Participant's Health Insurance Benefits on the same terms and conditions as if the Participant were still an active Employee. That is, if the Participant elects to continue his or her coverage while on leave, the Employer will continue to pay its share of the Contributions.

An Employer may require participants to continue all Health Insurance Benefits coverage for Participants while they are on paid leave (provided that Participants on non-FMLA paid leave are required to continue coverage). If so, the Participant's share of the Contributions shall be paid by the method normally used during any paid leave (for instance, on a pre-tax Salary Reduction basis).

In the event of unpaid FMLA leave (or paid FMLA leave where coverage is not required to be continued), a Participant may elect to continue his or her Health Insurance Benefits during the leave. If the Participant elects to continue coverage while on FMLA leave, then the Participant may pay his or her share of the Contributions in one of the following ways:

- with after-tax dollars, by sending monthly payments to the Employer by the due date established by the Employer;
- with pre-tax dollars, by having such amounts withheld from the Participant's ongoing Compensation (if any), including unused sick days and vacation days, or pre-paying all or a portion of the Contributions for the expected duration of the leave on a pre-tax Salary Reduction basis out of pre-leave Compensation. To pre-pay the Contributions, the Participant must make a special election to that effect prior to the date that such Compensation would normally be made available (pre-tax dollars may not be used to fund coverage during the next Plan Year); or
- under another arrangement agreed upon between the Participant and the Plan Administrator (e.g., the Plan Administrator may fund coverage during the leave and withhold "catch-up" amounts from the Participant's Compensation on a pre-tax or after-tax basis) upon the Participant's return.

If the Employer requires all Participants to continue Health Insurance Benefits during an unpaid FMLA leave, then the Participant may elect to discontinue payment of the Participant's required Contributions until the Participant returns from

leave. Upon returning from leave, the Participant will be required to repay the Contributions not paid by the Participant during the leave. Payment shall be withheld from the Participant's Compensation either on a pre-tax or after-tax basis, as agreed to by the Plan Administrator and the Participant.

If a Participant's Health Insurance Benefits coverage ceases while on FMLA leave (e.g., for non-payment of required contributions), then the Participant is permitted to re-enter the Medical Insurance Benefits upon return from such leave on the same basis as when the Participant was participating in the Plan prior to the leave, or as otherwise required by the FMLA. In addition, the Plan may require Participants whose Health Insurance Benefits coverage terminated during the leave to be reinstated in such coverage upon return from a period of unpaid leave, provided that Participants who return from a period of unpaid, non-FMLA leave are required to be reinstated in such coverage.

(b) Non-Health Benefits. If a Participant goes on a qualifying leave under the FMLA, then entitlement to non-health benefits is to be determined by the Employer's policy for providing such Benefits when the Participant is on non-FMLA leave, as described in Section 3.5. If such policy permits a Participant to discontinue contributions while on leave, then the Participant will, upon returning from leave, be required to repay the Contributions not paid by the Participant during the leave. Payment shall be withheld from the Participant's Compensation either on a pre-tax or after-tax basis, as may be agreed upon by the Plan Administrator and the Participant or as the Plan Administrator otherwise deems appropriate.

3.5 Non-FMLA Leaves of Absence If a Participant goes on an unpaid leave of absence that does not affect eligibility, then the Participant will continue to participate and the Contributions due for the Participant will be paid by pre-payment before going on leave, by after-tax contributions while on leave, or with catch-up contributions after the leave ends, as may be determined by the Plan Administrator. If a Participant goes on an unpaid leave that affects eligibility, then the election change rules detailed in Article IV will apply.

ARTICLE IV. Method and Timing of Elections; Irrevocability of Elections

4.1 Elections When First Eligible

Unless an Employee who becomes an Eligible Employee mid-Plan Year informs the Employer in writing (or in an electronic form accepted by Employer) that he or she does not want to be enrolled in any benefits under the Plan, such Employee will be automatically enrolled in the benefits on the first day of the month after the eligibility requirements have been satisfied.

Benefits shall be subject to the additional requirements, if any, specified in the Medical Insurance Plan. The provisions of this Plan are not intended to override any exclusions, eligibility requirements, or waiting periods specified in any Insurance Plans.

4.2 Elections During Open Enrollment Periods

During each Open Enrollment Period with respect to a Plan Year, the Plan Administrator shall provide an Election Form/Salary Reduction Agreement to each Employee who is eligible to participate in this Plan. The Election Form/Salary Reduction Agreement shall enable the Employee to elect to participate in the various Components of this Plan for the next Plan Year and to authorize the necessary Salary Reductions to pay for the Benefits elected. The Election Form/Salary Reduction Agreement must be returned to the Plan Administrator on or before the last day of the Open Enrollment Period, and it shall become effective on the first day of the next Plan Year. If an Eligible Employee fails to return the Election Form/Salary Reduction Agreement during the Open Enrollment Period, then the Employee may not elect any Benefits under this Plan until the next Open Enrollment Period, unless an event occurs that would justify a mid-year election change, as described in Article IV.

The Employer reserves the right, within its discretion, to allow or require any or all of the election procedures detailed in this Article 4.2 to be performed electronically.

4.3 Failure of Eligible Employee to File an Election Form/Salary Reduction Agreement

If an Eligible Employee fails to file an Election Form/Salary Reduction Agreement within the time period described in Section 4.2, then the Employee may not elect any Benefits under the Plan (a) until the next Open Enrollment Period; or (b) until an event occurs that would justify a mid-year election change, as described in Article IV. If an Employee who fails to file an Election Form/Salary Reduction Agreement is eligible for Medical Insurance Benefits and has made an effective election for such Benefits, then the Employee's share of the Contributions for such Benefits will be paid with after-tax dollars outside of this Plan until such time as the Employee files, during a subsequent Open Enrollment Period (or after an event occurs that would justify a mid-year election change as described in Article IV), a timely Election Form/Salary Reduction Agreement to elect Premium Payment Benefits. Until the Employee files such an election, the Employer's portion of the Contribution will also be paid outside of this Plan.

4.4 Irrevocability of Elections

Unless an exception applies (as described in this Article IV), a Participant's election under the Plan is irrevocable for the duration of the Period of Coverage to which it relates.

Unless otherwise noted in this section, a Participant's election under the Plan is irrevocable for the duration of the Period of

Coverage to which it relates. In other words, unless an exception applies, the Participant may not change any elections for the duration of the Period of Coverage regarding:

- Participation in this Plan;
- Salary Reduction amounts; or
- election of particular Benefit Package Options.

4.5 Procedure for Making New Election If Exception to Irrevocability Applies

(a) Timeframe for Making New Election. A Participant (or an Eligible Employee who, when first eligible under Section 3.1 or during the Open Enrollment Period, declined to be a Participant) may make a new election within 30 days of the occurrence of an event described in Section 4.6 or 4.7, as applicable, but only if the election under the new Election Form/Salary Reduction Agreement is made on account of and is consistent with the event and if the election is made within any specified time period (e.g., for Sections 4.7(d) through 4.7(j), within 30 days after the events described in such Sections unless otherwise required by law). Notwithstanding the foregoing, a Change in Status (e.g., a divorce or a dependent's losing dependent status) that results in a beneficiary becoming ineligible for coverage under the Medical Insurance Plan shall automatically result in a corresponding election change, whether or not requested by the Participant within the normal 30-day period.

(b) Effective Date of New Election. Elections made pursuant to this Section 4.5 shall be effective for the balance of the Period of Coverage following the change of election unless a subsequent event allows for a further election change. Except as provided in Section 4.7(e) for HIPAA special enrollment rights in the event of birth, adoption, or placement for adoption, all election changes shall be effective on a prospective basis only (i.e., election changes will become effective no earlier than the first day of the next calendar month following the date that the election change was filed, but, as determined by the Plan Administrator, election changes may become effective later to the extent that the coverage in the applicable Benefit Package Option commences later).

4.6 Change in Status Defined

Participant may make a new election upon the occurrence of certain events as described in Section 4.7, including a Change in Status, for the applicable Component. "Change in Status" means any of the events described below, as well as any other events included under subsequent changes to Code § 125 or regulations issued thereunder, which the Plan Administrator, in its sole discretion and on a uniform and consistent basis, determines are permitted under IRS regulations and under this Plan:

(a) Legal Marital Status. A change in a Participant's legal marital status, including marriage, death of a Spouse, divorce, legal separation, or annulment;

(b) Number of Dependents. Events that change a Participant's number of Dependents, including birth, death, adoption, and placement for adoption;

(c) Employment Status. Any of the following events that change the employment status of the Participant or his or her Spouse or Dependents: (1) a termination or commencement of employment; (2) a strike or lockout; (3) a commencement of or return from an unpaid leave of absence; (4) a change in worksite; and (5) if the eligibility conditions of this Plan or other employee benefits plan of the Participant or his or her Spouse or Dependents depend on the employment status of that individual and there is a change in that individual's status with the consequence that the individual becomes (or ceases to be) eligible under this Plan or other employee benefits plan, such as if a plan only applies to salaried employees and an employee switches from salaried to hourly-paid, union to non-union, or full-time to part-time (or vice versa), with the consequence that the employee ceases to be eligible for the Plan;

(d) Dependent Eligibility Requirements. An event that causes a Dependent to satisfy or cease to satisfy the Dependent eligibility requirements for a particular benefit, such as attaining a specified age, or any similar circumstance; and

(e) Change in Residence. A change in the place of residence of the Participant or his or her Spouse or Dependents.

4.7 Events Permitting Exception to Irrevocability Rule

A Participant may change an election as described below upon the occurrence of the stated events for the applicable Component of this Plan:

(a) Open Enrollment Period. A Participant may change an election during the Open Enrollment Period.

(b) Termination of Employment. A Participant's election will terminate under the Plan upon termination of employment in accordance with Sections 3.2 and 3.3, as applicable.

(c) Leaves of Absence. A Participant may change an election under the Plan upon FMLA leave in accordance with Section 3.4 and upon non-FMLA leave in accordance with Section 3.5.

(d) *Change in Status.* A Participant may change his or her actual or deemed election under the Plan upon the occurrence of a Change in Status (as defined in Section 4.6), but only if such election change is made on account of and corresponds with a Change in Status that affects eligibility for coverage under a plan of the Employer or a plan of the Spouse's or Dependent's employer (referred to as the general consistency requirement). A Change in Status that affects eligibility for coverage under a plan of the Employer or a plan of the Spouse's or Dependent's employer includes a Change in Status that results in an increase or decrease in the number of an Employee's family members (i.e., a Spouse and/or Dependents) who may benefit from the coverage.

(1) *Loss of Spouse or Dependent Eligibility; Special COBRA Rules.* For a Change in Status involving a Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or a Dependent, or a Dependent's ceasing to satisfy the eligibility requirements for coverage, a Participant may only elect to cancel accident or health insurance coverage for (a) the Spouse involved in the divorce, annulment, or legal separation; (b) the deceased Spouse or Dependent; or (c) the Dependent that ceased to satisfy the eligibility requirements. Canceling coverage for any other individual under these circumstances would fail to correspond with that Change in Status. Notwithstanding the foregoing, if the Participant or his or her Spouse or Dependent becomes eligible for COBRA (or similar health plan continuation coverage under state law) under the Employer's plan (and the Participant remains a Participant under this Plan in accordance with Section 3.2), then the Participant may increase his or her election to pay for such coverage (this rule does not apply to a Participant's Spouse who becomes eligible for COBRA or similar coverage as a result of divorce, annulment, or legal separation).

(2) *Gain of Coverage Eligibility Under Another Employer's Plan.* For a Change in Status in which a Participant or his or her Spouse or Dependent gains eligibility for coverage under a cafeteria plan or qualified benefit plan of the employer of the Participant's Spouse or Dependent as a result of a change in marital status or a change in employment status, a Participant may elect to cease or decrease coverage for that individual only if coverage for that individual becomes effective or is increased under the Spouse's or Dependent's employer's plan. The Plan Administrator may rely on a Participant's certification that the Participant has obtained or will obtain coverage under the Spouse's or Dependent's employer's plan, unless the Plan Administrator has reason to believe that the Participant's certification is incorrect.

(e) *HIPAA Special Enrollment Rights.* If a Participant or his or her Spouse or Dependent is entitled to special enrollment rights under a group health plan (other than an excepted benefit), as required by HIPAA under Code § 9801(f), then a Participant may revoke a prior election for group health plan coverage and make a new election (including, when required by HIPAA, an election to enroll in another benefit package under a group health plan), provided that the election change corresponds with such HIPAA special enrollment right. As required by HIPAA, a special enrollment right will arise in the following circumstances:

- a Participant or his or her Spouse or Dependent declined to enroll in group health plan coverage because he or she had coverage, and eligibility for such coverage is subsequently lost because: (1) the coverage was provided under COBRA and the COBRA coverage was exhausted; or (2) the coverage was non-COBRA coverage and the coverage terminated due to loss of eligibility for coverage or the employer contributions for the coverage were terminated; or

- a new Dependent is acquired as a result of marriage, birth, adoption, or placement for adoption.

An election to add previously eligible Dependents as a result of the acquisition of a new Spouse or Dependent child shall be considered to be consistent with the special enrollment right. An election change on account of a HIPAA special enrollment attributable to the birth, adoption, or placement for adoption of a new Dependent child may, subject to the provisions of the underlying group health plan, be effective retroactively (up to 30 days).

For purposes of this Section 4.7(e), the term "loss of eligibility" includes (but is not limited to) loss of eligibility due to legal separation, divorce, cessation of dependent status, death of an employee, termination of employment, reduction of hours, or any loss of eligibility for coverage that is measured with reference to any of the foregoing; loss of coverage offered through an HMO that does not provide benefits to individuals who do not reside, live, or work in the service area because an individual no longer resides, lives, or works in the service area (whether or not within the choice of the individual), and in the case of HMO coverage in the group market, no other benefit package is available to the individual; a situation in which an individual incurs a claim that would meet or exceed a lifetime limit on all benefits; and a situation in which a plan no longer offers any benefits to the class of similarly situated individuals that includes the individual.

(f) *Certain Judgments, Decrees and Orders.* If a judgment, decree, or order (collectively, an "Order") resulting from a divorce, legal separation, annulment, or change in legal custody (including a QMCSO) requires accident or health coverage (including an election for Health FSA Benefits) for a Participant's child (including a foster child who is a Dependent of the Participant), then a Participant may (1) change his or her election to provide coverage for the child (provided that the Order requires the Participant to provide coverage); or (2) change his or her election to revoke coverage for the child if the Order requires that another individual (including the Participant's Spouse or former Spouse) provide coverage under that individual's plan and such coverage is actually provided.

(g) *Medicare and Medicaid.* If a Participant or his or her Spouse or Dependent who is enrolled in a health or accident plan under this Plan becomes entitled to (i.e., becomes enrolled in) Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), then the Participant may prospectively reduce or cancel the health or accident coverage of the person becoming entitled to Medicare or Medicaid. Furthermore, if a Participant or his or her Spouse or Dependent who has been entitled to Medicare or Medicaid loses

eligibility for such coverage, then the Participant may prospectively elect to commence or increase the accident or health coverage of the individual who loses Medicare or Medicaid eligibility.

(h) Change in Cost. For purposes of this Section 4.7(h), "similar coverage" means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide major medical coverage are considered to be similar coverage.

(1) Increase or Decrease for Insignificant Cost Changes. Participants are required to increase their elective contributions (by increasing Salary Reductions) to reflect insignificant increases in their required contribution for their Benefit Package Option(s), and to decrease their elective contributions to reflect insignificant decreases in their required contribution. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, will determine whether an increase or decrease is insignificant based upon all the surrounding facts and circumstances, including but not limited to the dollar amount or percentage of the cost change. The Plan Administrator, on a reasonable and consistent basis, will automatically effectuate this increase or decrease in affected employees' elective contributions on a prospective basis.

(2) Significant Cost Increases. If the Plan Administrator determines that the cost charged to an Employee of a Participant's Benefit Package Option(s) significantly increases during a Period of Coverage, then the Participant may (a) make a corresponding prospective increase in his or her elective contributions (by increasing Salary Reductions); (b) revoke his or her election for that coverage, and in lieu thereof, receive on a prospective basis coverage under another Benefit Package Option that provides similar coverage; or (c) drop coverage prospectively if there is no other Benefit Package Option available that provides similar coverage. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, will decide whether a cost increase is significant in accordance with prevailing IRS guidance.

(3) Significant Cost Decreases. If the Plan Administrator determines that the cost of any Benefit Package Option significantly decreases during a Period of Coverage, then the Plan Administrator may permit the following election changes: (a) Participants enrolled in that Benefit Package Option may make a corresponding prospective decrease in their elective contributions (by decreasing Salary Reductions); (b) Participants who are enrolled in another Benefit Package Option may change their election on a prospective basis to elect the Benefit Package Option that has decreased in cost Medical Insurance Plan); or (c) Employees who are otherwise eligible under Section 3.1 may elect the Benefit Package Option that has decreased in cost on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, will decide whether a cost decrease is significant in accordance with prevailing IRS guidance.

(i) Change in Coverage. The definition of "similar coverage" under Section 12.4(h) applies also to this Section 12.4(i).

(1) Significant Curtailment. If coverage is "significantly curtailed" (as defined below), Participants may elect coverage under another Benefit Package Option that provides similar coverage. In addition, as set forth below, if the coverage curtailment results in a "Loss of Coverage" (as defined below), then Participants may drop coverage if no similar coverage is offered by the Employer. The Plan Administrator in its sole discretion, on a uniform and consistent basis, will decide, in accordance with prevailing IRS guidance, whether a curtailment is "significant," and whether a Loss of Coverage has occurred.

(a) Significant Curtailment Without Loss of Coverage. If the Plan Administrator determines that a Participant's coverage under a Benefit Package Option under this Plan (or the Participant's Spouse's or Dependent's coverage under his or her employer's plan) is significantly curtailed without a Loss of Coverage (for example, when there is a significant increase in the deductible, the co-pay, or the out-of-pocket cost-sharing limit under an accident or health plan during a Period of Coverage, the Participant may revoke his or her election for the affected coverage, and in lieu thereof, prospectively elect coverage under another Benefit Package Option that provides similar coverage. Coverage under a plan is deemed to be "significantly curtailed" only if there is an overall reduction in coverage provided under the plan so as to constitute reduced coverage generally.

(b) Significant Curtailment With a Loss of Coverage. If the Plan Administrator determines that a Participant's Benefit Package Option coverage under this Plan (or the Participant's Spouse's or Dependent's coverage under his or her employer's plan) is significantly curtailed, and if such curtailment results in a Loss of Coverage during a Period of Coverage, then the Participant may revoke his or her election for the affected coverage and may either prospectively elect coverage under another Benefit Package Option that provides similar coverage or drop coverage if no other Benefit Package Option providing similar coverage is offered by the Employer.

(c) Definition of Loss of Coverage. For purposes of this Section 4.7(i)(1), a "Loss of Coverage" means a complete loss of coverage (including the elimination of a Benefit Package Option, an HMO ceasing to be available where the Participant or his or her Spouse or Dependent resides, or a Participant or his or her Spouse or Dependent losing all coverage under the Benefit Package Option by reason of an overall lifetime or annual limitation). In addition, the Plan Administrator, in its sole discretion, on a uniform and consistent basis, may treat the following as a Loss of Coverage:

- a substantial decrease in the medical care providers available under the Benefit Package Option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the number of physicians participating in the PPO for the Medical Insurance Plan or in an HMO);

- a reduction in benefits for a specific type of medical condition or treatment with respect to which the Participant or his or her

Spouse or Dependent is currently in a course of treatment; or

- any other similar fundamental loss of coverage.

(2) Addition or Significant Improvement of a Benefit Package Option. If during a Period of Coverage the Plan adds a new Benefit Package Option or significantly improves an existing Benefit Package Option, the Plan Administrator may permit the following election changes: (a) Participants who are enrolled in a Benefit Package Option other than the newly added or significantly improved Benefit Package Option may change their elections on a prospective basis to elect the newly added or significantly improved Benefit Package Option; and (b) Employees who are otherwise eligible under Section 3.1 may elect the newly added or significantly improved Benefit Package Option on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, will decide whether there has been an addition of, or a significant improvement in, a Benefit Package Option in accordance with prevailing IRS guidance.

(3) Loss of Coverage Under Other Group Health Coverage. A Participant may prospectively change his or her election to add group health coverage for the Participant or his or her Spouse or Dependent, if such individual(s) loses coverage under any group health coverage sponsored by a governmental or educational institution, including (but not limited to) the following: a state children's health insurance program (SCHIP) under Title XXI of the Social Security Act; a medical care program of an Indian Tribal government (as defined in Code § 7701(a)(40)), the Indian Health Service, or a tribal organization; a state health benefits risk pool; or a foreign government group health plan, subject to the terms and limitations of the applicable Benefit Package Option(s).

(4) Change in Coverage Under Another Employer Plan. A Participant may make a prospective election change that is on account of and corresponds with a change made under an employer plan (including a plan of the Employer or a plan of the Spouse's or Dependent's employer), so long as (a) the other cafeteria plan or qualified benefits plan permits its participants to make an election change that would be permitted under applicable IRS regulations; or (b) the Plan permits Participants to make an election for a Period of Coverage that is different from the plan year under the other cafeteria plan or qualified benefits plan. For example, if an election is made by the Participant's Spouse during his or her employer's open enrollment to drop coverage, the Participant may add coverage to replace the dropped coverage. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, will decide whether a requested change is on account of and corresponds with a change made under the other employer plan, in accordance with prevailing IRS guidance. A Participant entitled to change an election as described in this Section 4.7 must do so in accordance with the procedures described in Section 4.5.

(j) Revocation Due to Reduction in Hours

A Participant may revoke his or her Major Medical coverage, along with that of any related individuals, if the Participant experiences a reduction of hours such that he or she will be reasonably expected to work fewer than 30 hours a week on a regular basis and the Participant intends to enroll, along with any such related individuals, in another plan no later than the first day of the second full month following the revocation.

(k) Revocation of Coverage for Purposes of Enrolling in Marketplace Coverage

A Participant may revoke his or her Major Medical coverage if he or she is seeking to enroll, along with any related individuals who cease coverage due to such revocation, in Marketplace coverage (either during the Marketplace's annual open enrollment period or during a special enrollment period) immediately after the revoked coverage ends.

(l) CHIP Special Enrollment Rights

Notwithstanding anything else in this document to the contrary, special enrollment rights shall be made available as a result of a loss of eligibility for Medicaid or for coverage under a state children's health insurance program (SCHIP) or as a result of eligibility for a state premium assistance subsidy under the plan from Medicaid or SCHIP.

4.8 *Reserved*****

4.9 Election Modifications Required by Plan Administrator

The Plan Administrator may, at any time, require any Participant or class of Participants to amend the amount of their Salary Reductions for a Period of Coverage if the Plan Administrator determines that such action is necessary or advisable in order to (a) satisfy any of the Code's nondiscrimination requirements applicable to this Plan or other cafeteria plan; (b) prevent any Employee or class of Employees from having to recognize more income for federal income tax purposes from the receipt of benefits hereunder than would otherwise be recognized; (c) maintain the qualified status of benefits received under this Plan; or (d) satisfy Code nondiscrimination requirements or other limitations applicable to the Employer's qualified plans. In the event that contributions need to be reduced for a class of Participants, the Plan Administrator will reduce the Salary Reduction amounts for each affected Participant, beginning with the Participant in the class who had elected the highest Salary Reduction amount and continuing with the Participant in the class who had elected the next-highest Salary Reduction amount, and so forth, until the defect is corrected.

5.1 Benefits Offered

When first eligible or during the Open Enrollment Period as described under Article IV, Participants will be given the opportunity to elect Premium Payment Benefits, as described in Article VI.

5.2 Employer and Participant Contributions

(a) Employer Contributions. For Participants who elect Insurance Benefits described in Article VI, the Employer may contribute a portion of the Contributions as provided in the open enrollment materials furnished to Employees and/or on the Election Form/Salary Reduction Agreement.

(b) Participant Contributions. Participants who elect any of the Medical Insurance Benefits described in Article VI may pay for the cost of that coverage on a pre-tax Salary Reduction basis, or with after-tax deductions, by completing an Election Form/Salary Reduction Agreement.

5.3 Using Salary Reductions to Make Contributions

(a) Salary Reductions per Pay Period. The Salary Reduction for a pay period for a Participant is, for the Benefits elected, (1) an amount equal to the annual Contributions for such Benefits (as described in Section 6.2 for Premium Payment Benefits; (2) an amount otherwise agreed upon between the Employer and the Participant; or (3) an amount deemed appropriate by the Plan Administrator (i.e., in the event of shortage in reducible Compensation, amounts withheld and the Benefits to which Salary Reductions are applied may fluctuate).

(b) Considered Employer Contributions for Certain Purposes. Salary Reductions are applied by the Employer to pay for the Participant's share of the Contributions for the Premium Payment Benefits are considered to be Employer contributions.

(c) Salary Reduction Balance Upon Termination of Coverage. If, as of the date that any elected coverage under this Plan terminates, a Participant's year-to-date Salary Reductions exceed or are less than the Participant's required Contributions for the coverage, then the Employer will, as applicable, either return the excess to the Participant as additional taxable wages or recoup the due Salary Reduction amounts from any remaining Compensation.

(d) After-Tax Contributions for Premium Payment Benefits. For those Participants who elect to pay their share of the Contributions for any of the Medical Insurance Benefits with after-tax deductions, both the Employee and Employer portions of such Contributions will be paid outside of this Plan.

5.4 Funding This Plan

All of the amounts payable under this Plan shall be paid from the general assets of the Employer, but Premium Payment Benefits are paid as provided in the applicable insurance policy. Nothing herein will be construed to require the Employer or the Plan Administrator to maintain any fund or to segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account, or asset of the Employer from which any payment under this Plan may be made. There is no trust or other fund from which Benefits are paid. While the Employer has complete responsibility for the payment of Benefits out of its general assets (except for Premium Payment Benefits paid as provided in the applicable insurance policy), it may hire an unrelated third-party paying agent to make Benefit payments on its behalf. The maximum contribution that may be made under this Plan for a Participant is the total of the maximums that may be elected as Employer and Participant Contributions for Premium Payment Benefits, as described in Section 6.2.

ARTICLE VI. Premium Payment Component

6.1 Benefits

The only Insurance Benefits that are offered under the Premium Payment Component are benefits under the Medical, Dental, Vision, Accident, Bridge, Disability, Hospital Indemnity, Specific Disease or Condition Insurance Plan(s). Notwithstanding any other provision in these Plan(s), these benefits are subject to the terms and conditions of the Insurance Plan(s), and no changes can be made with respect to such Insurance Benefits under this Plan (such as mid-year changes in election) if such changes are not permitted under the applicable Insurance Plan. An Eligible Employee can (a) elect benefits under the Premium Payment Component by electing to pay for his or her share of the Contributions for Medical Insurance Benefits on a pretax Salary Reduction basis (Premium Payment Benefits); or (b) elect no benefits under the Premium Payment Component and to pay for his or her share of the Contributions, if any, for Medical Insurance Benefits with after-tax deductions outside of this Plan. Unless an exception applies (as described in Article IV), such election is irrevocable for the duration of the Period of Coverage to which it relates.

The Employer may at its discretion offer cash in lieu of benefits for Participants who do not choose Insurance Benefits.

6.2 Contributions for Cost of Coverage

The annual Contribution for a Participant's Premium Payment Benefits is equal to the amount as set by the Employer, which

may or may not be the same amount charged by the insurance carrier.

6.3 Insurance Benefits Provided Under Insurance Plans

Insurance Benefits will be provided by the Insurance Plans, not this Plan. The types and amounts of Insurance Benefits, the requirements for participating in the Insurance Plans, and the other terms and conditions of coverage and benefits of the Insurance Plans are set forth in the Insurance Plans. All claims to receive benefits under the Insurance Plans shall be subject to and governed by the terms and conditions of the Insurance Plans and the rules, regulations, policies, and procedures adopted in accordance therewith, as may be amended from time to time.

6.4 Health Insurance Benefits; COBRA

Notwithstanding any provision to the contrary in this Plan, to the extent required by COBRA, a Participant and his or her Spouse and Dependents, as applicable, whose coverage terminates under the Health Insurance Benefits because of a COBRA qualifying event (and who is a qualified beneficiary as defined under COBRA), shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the Health Insurance Plan(s) the day before the qualifying event for the periods prescribed by COBRA.

Such continuation coverage shall be subject to all conditions and limitations under COBRA. Contributions for COBRA coverage for Health Insurance Benefits may be paid on a pre-tax basis for current Employees receiving taxable compensation (as may be permitted by the Plan Administrator on a uniform and consistent basis, but may not be prepaid from contributions in one Plan Year to provide coverage that extends into a subsequent Plan Year) where COBRA coverage arises either (a) because the Employee ceases to be eligible because of a reduction in hours; or (b) because the Employee's Dependent ceases to satisfy the eligibility requirements for coverage. For all other individuals (e.g., Employees who cease to be eligible because of retirement, termination of employment, or layoff), Contributions for COBRA coverage for Health Insurance Benefits shall be paid on an after-tax basis (unless may be otherwise permitted by the Plan Administrator on a uniform and consistent basis, but may not be prepaid from contributions in one Plan Year to provide coverage that extends into a subsequent Plan Year).

ARTICLES VII. - XII. *RESERVED*****

ARTICLE XIII. Appeals Procedure

13.1 Procedure If Benefits Are Denied Under This Plan

If a claim for reimbursement under this Plan is wholly or partially denied, then claims shall be administered in accordance with the claims procedure set forth in the summary plan description for this Plan. The Committee acts on behalf of the Plan Administrator with respect to appeals.

13.2 Claims Procedures for Insurance Benefits

Claims and reimbursement for Insurance Benefits shall be administered in accordance with the claims procedures for the Insurance Benefits, as set forth in the plan documents and/or summary plan description(s) for the Insurance Plan(s).

ARTICLE XIV. Recordkeeping and Administration

14.1 Plan Administrator

The administration of this Plan shall be under the supervision of the Plan Administrator. It is the principal duty of the Plan Administrator to see that this Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in this Plan without discrimination among them.

14.2 Powers of the Plan Administrator

The Plan Administrator shall have such duties and powers as it considers necessary or appropriate to discharge its duties. It shall have the exclusive right to interpret the Plan and to decide all matters thereunder, and all determinations of the Plan Administrator with respect to any matter hereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Plan Administrator shall have the following discretionary authority:

(a) to construe and interpret this Plan, including all possible ambiguities, inconsistencies, and omissions in the Plan and related documents, and to decide all questions of fact, questions relating to eligibility and participation, and questions of benefits under this Plan (provided that, notwithstanding the first paragraph in this Section 14.2, the Committee shall exercise such exclusive power with respect to an appeal of a claim under Section 13.1);

(b) to prescribe procedures to be followed and the forms to be used by Employees and Participants to make elections pursuant to this Plan;

(c) to prepare and distribute information explaining this Plan and the benefits under this Plan in such manner as the Plan

Administrator determines to be appropriate;

(d) to request and receive from all Employees and Participants such information as the Plan Administrator shall from time to time determine to be necessary for the proper administration of this Plan;

(e) to furnish each Employee and Participant with such reports with respect to the administration of this Plan as the Plan Administrator determines to be reasonable and appropriate, including appropriate statements setting forth the amounts by which a Participant's Compensation has been reduced in order to provide benefits under this Plan;

(f) to receive, review, and keep on file such reports and information regarding the benefits covered by this Plan as the Plan Administrator determines from time to time to be necessary and proper;

(g) to appoint and employ such individuals or entities to assist in the administration of this Plan as it determines to be necessary or advisable, including legal counsel and benefit consultants;

(h) to sign documents for the purposes of administering this Plan, or to designate an individual or individuals to sign documents for the purposes of administering this Plan;

(i) to secure independent medical or other advice and require such evidence as it deems necessary to decide any claim or appeal; and

(j) to maintain the books of accounts, records, and other data in the manner necessary for proper administration of this Plan and to meet any applicable disclosure and reporting requirements.

14.3 Reliance on Participant, Tables, etc.

The Plan Administrator may rely upon the direction, information, or election of a Participant as being proper under the Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant. The Plan Administrator will also be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions, and reports that are furnished by accountants, attorneys, or other experts employed or engaged by the Plan Administrator.

14.4 *Reserved*****

14.5 Fiduciary Liability

To the extent permitted by law, the Plan Administrator shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan.

14.6 Compensation of Plan Administrator

Unless otherwise determined by the Employer and permitted by law, any Plan Administrator that is also an Employee of the Employer shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of their duties shall be paid by the Employer.

14.7 Bonding

The Plan Administrator shall be bonded to the extent required by ERISA.

14.8 Insurance Contracts

The Employer shall have the right (a) to enter into a contract with one or more insurance companies for the purposes of providing any benefits under the Plan; and (b) to replace any of such insurance companies or contracts at its discretion. Any dividends, retroactive rate adjustments, or other refunds of any type that may become payable under any such insurance contract shall not be assets of the Plan but shall be the property of and be retained by the Employer, to the extent that such amounts are less than aggregate Employer contributions toward such insurance.

14.9 Inability to Locate Payee

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts have been made to identify or locate such person, then such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited following a reasonable time after the date any such payment first became due.

14.10 Effect of Mistake

In the event of a mistake as to the eligibility or participation of an Employee, the allocations made to the account of any Participant, or the amount of benefits paid or to be paid to a Participant or other person, the Plan Administrator shall, to the

extent that it deems administratively possible and otherwise permissible under Code § 125 or the regulations issued thereunder, cause to be allocated or cause to be withheld or accelerated, or otherwise make adjustment of, such amounts as it will in its judgment accord to such Participant or other person the credits to the account or distributions to which he or she is properly entitled under the Plan. Such action by the Plan Administrator may include withholding of any amounts due to the Plan or the Employer from Compensation paid by the Employer.

ARTICLE XV. General Provisions

15.1 *Reserved*****

15.2 No Contract of Employment

Nothing herein contained is intended to be or shall be construed as constituting a contract or other arrangement between any Employee and the Employer to the effect that such Employee will be employed for any specific period of time. All Employees are considered to be employed at the will of the Employer.

15.3 Amendment and Termination

This Plan has been established with the intent of being maintained for an indefinite period of time. Nonetheless, the Employer may amend or terminate all or any part of this Plan at any time for any reason and any such amendment or termination will automatically apply to the Related Employers that are participating in this Plan.

15.4 Governing Law

This Plan shall be construed, administered, and enforced according to the laws of TX, to the extent not superseded by the Code, ERISA, or any other federal law.

15.5 Code and ERISA Compliance

It is intended that this Plan meet all applicable requirements of the Code , ERISA (if ERISA is applicable) and of all regulations issued thereunder. This Plan shall be construed, operated, and administered accordingly, and in the event of any conflict between any part, clause, or provision of this Plan and the Code and/or ERISA (if ERISA is applicable), the provisions of the Code and ERISA (if ERISA is applicable) shall be deemed controlling, and any conflicting part, clause, or provision of this Plan shall be deemed superseded to the extent of the conflict.

15.6 No Guarantee of Tax Consequences

Neither the Plan Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under this Plan will be excludable from the Participant's gross income for federal, state, or local income tax purposes. It shall be the obligation of each Participant to determine whether each payment under this Plan is excludable from the Participant's gross income for federal, state, and local income tax purposes and to notify the Plan Administrator if the Participant has any reason to believe that such payment is not so excludable.

15.7 Indemnification of Employer

If any Participant receives one or more payments or reimbursements under this Plan on a tax-free basis and if such payments do not qualify for such treatment under the Code, then such Participant shall indemnify and reimburse the Employer for any liability that it may incur for failure to withhold federal income taxes, Social Security taxes, or other taxes from such payments or reimbursements.

15.8 Non-Assignability of Rights

The right of any Participant to receive any reimbursement under this Plan shall not be alienable by the Participant by assignment or any other method and shall not be subject to claims by the Participant's creditors by any process whatsoever. Any attempt to cause such right to be so subjected will not be recognized, except to the extent required by law.

15.9 Headings

The headings of the various Articles and Sections are inserted for convenience of reference and are not to be regarded as part of this Plan or as indicating or controlling the meaning or construction of any provision.

15.10 Plan Provisions Controlling

In the event that the terms or provisions of any summary or description of this Plan are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling.

15.11 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder of the Plan shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing instrument comprising the ARK TEX COUNCIL OF GOVERNMENT FBP Salary Reduction Plan, ARK TEX COUNCIL OF GOVERNMENT FBP has caused this Plan to be executed in its name and on its behalf, on this ____ day of _____, 20____.

ARK TEX COUNCIL OF GOVERNMENT FBP

By: _____
Its: _____

**Amendment to the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan with Regard to Health Savings Accounts
Effective , the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan is amended as follows:**

ARTICLE II is amended by adding the following:

"Benefits" can mean, according to the context used, either Premium Payment Benefits or HSA Benefits (in the form of Contributions to an HSA).

"Contributions" can mean, according to the context used, either 1) the amount contributed to pay for the cost of Benefits (including self-funded Benefits as well as those that are insured), as calculated under Section 6.2 for Premium Payment Benefits or 2) contributions to a health savings account.

"Health Savings Account (HSA)" has the meaning provided in § 223 of the Code.

"High-Deductible Health Plan (HDHP)" has the meaning given in § 223 of the Code.

"Participant" means a person who is an Eligible Employee and who is participating in this Plan in accordance with the provisions of Article III. Participants include (a) those who elect one or more of the Medical Insurance Benefits and/or elect to make HSA Contributions under this Plan, or (b) those who elect instead to receive their full salary in cash and to pay for their share of their Contributions under the Medical Insurance Plan.

ARTICLE IX is not "Reserved" but instead reads as follows:

ARTICLE IX. HSA Component

9.1 HSA Benefits

An Eligible Employee can elect to participate in the HSA Component by electing to pay the Contributions on a pre-tax Salary Reduction basis to the Employee's HSA established and maintained outside the Plan by a trustee/custodian to which the Employer can forward contributions to be deposited (this funding feature constitutes the HSA Benefits offered under this Plan). Any language in the document to the contrary notwithstanding, such election can be increased, decreased or revoked prospectively at any time during the Plan Year, effective no later than the first day of the next calendar month following the date that the election change was filed.

9.2 Contributions for Cost of Coverage for HSA; Maximum Limits

The annual Contribution for a Participant's HSA Benefits is equal to the annual benefit amount elected by the Participant. In no event shall the amount elected exceed the statutory maximum amount for HSA contributions applicable to the Participant's High Deductible Health Plan coverage option (i.e., single or family) for the calendar year in which the Contribution is made.

An additional catch-up Contribution may be made for Participants who are age 55 or older.

In addition, the maximum annual Contribution shall be:

(a) reduced by any matching (or other) Employer Contribution, if any, made on the Participant's behalf made under the Plan); and

(b) prorated for the number of months in which the Participant is an HSA-Eligible Individual.

9.3 *Reserved*****

9.4 Recording Contributions for HSA

As described in Section 9.6, the HSA is not an employer-sponsored employee benefit plan - it is an individual trust or custodial account separately established and maintained by a trustee/custodian outside the Plan. Consequently, the HSA trustee/custodian, not the Employer, will establish and maintain the HSA. The HSA trustee/custodian will be chosen by the Participant, not by the Employer. The Employer may, however, limit the number of HSA providers to whom it will forward contributions that the Employee makes via pre-tax Salary Reductions - such a list is not an endorsement of any particular HSA provider. The Plan Administrator will maintain records to keep track of HSA Contributions an Employee makes via pre-tax Salary Reductions, but it will not create a separate fund or otherwise segregate assets for this purpose. The Employer has no authority or control over the funds deposited in an HSA.

9.5 Tax Treatment of HSA Contributions and Distributions

The tax treatment of the HSA (including contributions and distributions) is governed by Code § 223.

9.6 Trust/Custodial Agreement; HSA Not Intended to Be an ERISA Plan

HSA Benefits under this Plan consist solely of the ability to make Contributions to the HSA on a pre-tax Salary Reduction basis. Terms and conditions of coverage and benefits (e.g., eligible medical expenses, claims procedures, etc.) will be provided by and are set forth in the HSA, not this Plan. The terms and conditions of each Participant's HSA trust or custodial account are described in the HSA trust or custodial agreement provided by the applicable trustee/custodian to each electing Participant and are not a part of this Plan.

The HSA is not an employer-sponsored employee benefits plan. It is a savings account that is established and maintained by an HSA trustee/custodian outside this Plan to be used primarily for reimbursement of "qualified eligible medical expenses" as set forth in Code § 223(d)(2). The Employer has no authority or control over the funds deposited in a HSA. Even though this Plan may allow pre-tax Salary Reduction contributions to an HSA, the HSA is not intended to be an ERISA benefit plan sponsored or maintained by the Employer.

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing instrument comprising an amendment to the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan, ARK TEX COUNCIL OF GOVERNMENT FBP has caused this amendment to be executed in its name and on its behalf, on this 13th day of September 2021.

ARK TEX COUNCIL OF GOVERNMENT FBP

By: _____

Its: _____

**THE ARK TEX COUNCIL OF GOVERNMENT
FBP CAFETERIA PLAN
SUMMARY PLAN DESCRIPTION**

Introduction

ARK TEX COUNCIL OF GOVERNMENT FBP sponsors the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan (the "Cafeteria Plan") that allows eligible Employees to choose from a menu of different benefits paid for with pre-tax dollars. (Such plans are also commonly known as "salary reduction plans" or "Section 125 plans").

This Summary Plan Description ("SPD") describes the basic features of the Cafeteria Plan, how it generally operates and how Employees can gain the maximum advantage from it.

PLEASE NOTE: This SPD is for general informational purposes only. It does not describe every detail of the Cafeteria Plan. If there is a conflict between the Cafeteria Plan documents and this SPD, then the Cafeteria Plan documents will control.

Cafeteria Plan

CAF Q-1. How do I pay for ARK TEX COUNCIL OF GOVERNMENT FBP benefits on a pre-tax basis?

If you become eligible for the plan during the plan year, your Employer will automatically enroll you in the plan unless you indicate to your Employer in writing (or electronically) that you do not wish to be so enrolled.

For subsequent plan years, you may elect to pay for benefits on a pre-tax basis by entering an election with the Employer during the Open Enrollment Period. At the Employer's option, this may be done with a traditional "paper" salary reduction agreement or it may be done in electronic form. Whatever medium is used, it shall be referred to as a Salary Reduction Agreement for purposes of this SPD.

When you pay for benefits on a pre-tax basis, you reduce your salary to pay for your share of the cost of coverage with pretax funds instead of receiving a corresponding amount of your regular pay that would otherwise be subject to taxes.");

Example CAF Q-1(a): Sally is paid an annual salary of \$30,000. Sally elects to pay for \$2,000 worth of benefits for the Plan Year on a pre-tax basis. By doing so, she is electing to reduce her salary, and therefore also her taxable income, by \$2,000 for the year to \$28,000.

From then on, you must pay contributions for such coverage by having that portion deducted from each paycheck on a pre-tax basis (generally an equal portion from each paycheck, or an amount otherwise agreed to or as deemed appropriate by the Plan Administrator).

Example CAF Q-1(b): Using the same facts from Example Q-1(a), suppose Sally is paid 26 times a year (bi-weekly). Because she has elected \$2,000 in benefits, she will have \$76.92 deducted from each paycheck for the year (\$2,000 divided by 26 paychecks equals \$76.92).

CAF Q-2. What benefits may be elected under the Cafeteria Plan?

The Cafeteria Plan includes the following benefit plans:

The Premium Payment Component permits an Employee to pay for his or her share of contributions for insurance plans with pretax dollars. Under the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan, these benefits may include:

- * Accident
- * Bridge
- * Dental
- * Disability
- * Hospital Indemnity
- * Specific Disease or Condition
- * Medical
- * Vision

If you select any or all of these benefits, you will likely pay all or some of the contributions; the Employer may contribute some or no portion of them. The applicable amounts will be described in documents furnished separately to you as necessary from time to time.

The Employer may at its own discretion offer cash in lieu of benefits for participants who do not choose benefits. If the Employer does choose this option, participants will be informed through other communications.

CAF Q-3. Who can participate in the Cafeteria Plan?

Employees who are working 30 hours per week or more are eligible to participate in the Cafeteria Plan following 90 days of employment with the Employer, provided that the election procedures in CAF Q-5 are followed.

An "Employee" is any individual who the Employer classifies as a common-law employee and who is on the Employer's W-2 payroll.

Please note: "Employee" does not include the following:

(a) any leased employee (including but not limited to those individuals defined as leased employees in Code § 414(n)) or an individual classified by the Employer as a contract worker, independent contractor, temporary employee, or casual employee for the period during which such individual is so classified, whether or not any such individual is on the Employer's W-2 payroll or is determined by the IRS or others to be a common-law employee of the Employer;

(b) any individual who performs services for the Employer but who is paid by a temporary or other employment or staffing agency for the period during which such individual is paid by such agency, whether or not such individual is determined by the IRS or others to be a common-law employee of the Employer;

(c) ***RESERVED***;

(d) any individual considered "self-employed" by the IRS because of an ownership interest in ARK TEX COUNCIL OF GOVERNMENT FBP;

CAF Q-4. What tax savings are possible under the Cafeteria Plan?

You may save both federal income tax and FICA (Social Security/Medicare) taxes by participating in the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan.

Example CAF Q4(a): Suppose Sally pays 15% in federal income taxes for the year. With an annual salary of \$30,000, that could mean as much as \$4,500 in federal income taxes, plus \$2,295 in FICA taxes (calculated at 7.65% of income). But by electing \$2,000 of cafeteria plan benefits for the year, Sally lowers her income by \$2,000, meaning she is only taxed on \$28,000. This comes out to \$4,200 in income tax plus \$2,142 in FICA tax. That's a \$453 tax savings for the year.

(Caution: This example is intended to illustrate the general effect of "pre-taxing" benefits through a cafeteria plan. It does not take into account the effects of filing status, tax exemptions, tax deductions and other factors affecting tax liability. Furthermore, the amount of the contributions used in this example is not meant to reflect your actual contributions. It is also not intended to reflect specifically upon your particular tax situation. You are encouraged to consult with your accountant or other professional tax advisor with regard to your particular tax situation, especially with regard to state and local taxes.)

CAF Q-5. When does participation begin and end in the Cafeteria Plan?

After you satisfy the eligibility requirements, you can become a Participant on the first day of the next calendar month by electing benefits in a manner such as described in CAF Q-1. An eligible Employee who does not elect benefits will not be able to elect any benefits under the Cafeteria Plan until the next Open Enrollment Period (unless a "Change in Election Event" occurs, as explained in CAF Q-7).

An Employee continues to participate in the Cafeteria Plan until (a) termination of the Cafeteria Plan; or (b) the date on which the Participant ceases to be an eligible Employee (because of retirement, termination of employment, layoff, reduction of hours, or any other reason). However, for purposes of pre-taxing COBRA coverage for Health Insurance Benefits, certain Employees may be able to continue eligibility in the Cafeteria Plan for certain periods. See CAF Q-8 and CAF Q-12 for more information about this as information about how termination of participation affects your Benefits.

CAF Q-6. What is meant by "Open Enrollment Period" and "Plan Year"?

The "Open Enrollment Period" is the period during which you have an opportunity to participate under the Cafeteria Plan by electing to do so. (See Q-5.) You will be notified of the timing and duration of the Open Enrollment Period, which for any new Plan Year generally will occur during the quarter preceding the new Plan Year.

The Plan Year for the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan is the period beginning on 10/1/2021 and ending on 9/30/2022.

CAF Q-7. Can I change my elections under the Cafeteria Plan during the Plan Year?

Except in the case of HSA elections, you generally cannot change your election to participate in the Cafeteria Plan or vary the salary reduction amounts that you have selected during the Plan Year (this is known as the "irrevocability rule"). Of course, you can change your elections for benefits and salary reductions during the Open Enrollment Period, but those election changes will apply only for the following Plan Year.

However, there are several important exceptions to the irrevocability rule, many of which have to do with events in your personal or professional life that may occur during the Plan Year.

Here are the exceptions to the irrevocability rule:

1. Leaves of Absence

You may change an election under the Cafeteria Plan upon FMLA and non-FMLA leave only as described in CAF Q-14.

2. Change in Status.

If one or more of the following Changes in Status occur, you may revoke your old election and make a new election, provided that both the revocation and new election are on account of and correspond with the Change in Status (as described in item 3 below). Those occurrences that qualify as a Change in Status include the events described below, as well as any other events that the Plan Administrator, in its sole discretion and on a uniform and consistent basis, determines are permitted under IRS regulations:

- a change in your legal marital status (such as marriage, death of a Spouse, divorce, legal separation, or annulment);
- a change in the number of your Dependents (such as the birth of a child, adoption or placement for adoption of a Dependent, or death of a Dependent);
- any of the following events that change the employment status of you, your Spouse, or your Dependent and that affect benefits eligibility under a cafeteria plan (including this Cafeteria Plan) or other employee benefit plan of you, your Spouse, or your Dependents. Such events include any of the following changes in employment status: termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; a change in worksite; switching from salaried to hourly-paid, union to non-union, or full-time to part-time (or vice versa); incurring a reduction or increase in hours of employment; or any other similar change that makes the individual become (or cease to be) eligible for a particular employee benefit;
- an event that causes your Dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit (such as an employee's child covered as a dependent by an accident or health plan who turns 27 during the taxable year); or
- a change in your, your Spouse's, or your Dependent's place of residence.

3. Change in Status - Other Requirements.

If you wish to change your election based on a Change in Status, you must establish that the revocation is on account of and corresponds with the Change in Status. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, shall determine whether a requested change is on account of and corresponds with a Change in Status. As a general rule, a desired election change will be found to be consistent with a Change in Status event if the event affects coverage eligibility.

In addition, you must satisfy the following specific requirements in order to alter your election based on that Change in Status:

- *Loss of Spouse or Dependent Eligibility; Special COBRA Rules.* For Health Insurance Benefits, a special rule governs which type of election changes are consistent with the Change in Status. For a Change in Status involving your divorce, annulment, or legal separation from your Spouse, the death of your Spouse or your Dependent, or your Dependent's ceasing to satisfy the eligibility requirements for coverage, you may elect only to cancel the accident or health benefits for the affected Spouse or Dependent. A change in election for any individual other than your Spouse involved in the divorce, annulment, or legal separation, your deceased Spouse or Dependent, or your Dependent that ceased to satisfy the eligibility requirements would fail to correspond with that Change in Status.

However, if you, your Spouse, or your Dependent elects COBRA continuation coverage under the Employer's plan because you ceased to be eligible because of a reduction of hours or because your Dependent ceases to satisfy eligibility requirements for coverage, and if you remain a Participant under the terms of this Cafeteria Plan, then you may in certain circumstances be able to increase your contributions to pay for such coverage. See CAF Q-12.

- *Gain of Coverage Eligibility Under Another Employer's Plan.* For a Change in Status in which you, your Spouse, or your Dependent gains eligibility for coverage under another Employer's cafeteria plan (or qualified benefit plan) as a result of a change in your marital status or a change in your, your Spouse's, or your Dependent's employment status, your election to cease or decrease coverage for that individual under the Cafeteria Plan would correspond with that Change in Status only if coverage for that individual becomes effective or is increased under the other Employer's plan.

4. Special Enrollment Rights.

In certain circumstances, enrollment for Health Insurance Benefits may occur outside the

Open Enrollment Period, as explained in materials provided to you separately describing the Health Insurance Benefits. When a special enrollment right explained in those separate documents applies to your Medical Insurance Benefits, you may change your election under the Cafeteria Plan to correspond with the special enrollment right. Special enrollments may also be available as a result of a loss of eligibility for Medicaid or for coverage under a state children's health insurance program (SCHIP) or as a result of eligibility for a state premium assistance subsidy under the plan from Medicaid or SCHIP.

5. Certain Judgments, Decrees, and Orders. If a judgment, decree, or order from a divorce, separation, annulment, or custody change requires your child (including a foster child who is your Dependent) to be covered under the Health Insurance Benefits, you may change your election to provide coverage for the child. If the order requires that another individual (such as your former Spouse) cover the child, then you may change your election to revoke coverage for the child, provided that such coverage is, in fact, provided for the child.

6. Medicare or Medicaid. If you, your Spouse, or your Dependent becomes entitled to (i.e., becomes enrolled in) Medicare or Medicaid, then you may reduce or cancel that person's accident or health coverage under the Medical Insurance Plan. Similarly, if you, your Spouse, or your Dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, then you may elect to commence or increase that person's accident or health coverage.

7. Change in Cost. If the cost charged to you for your Health Insurance Benefits significantly increases during the Plan Year, then you may choose to do any of the following: (a) make a corresponding increase in your contributions; (b) revoke your election and receive coverage under another benefit package option (if any) that provides similar coverage, or elect similar coverage under the plan of your Spouse's employer; or (c) drop your coverage, but only if no other benefit package option provides similar coverage. Coverage under another employer plan, such as the plan of a Spouse's or Dependent's employer, may be treated as similar coverage if it otherwise meets the requirements of similar coverage.) If the cost of Health Insurance significantly decreases during the Plan Year, then the Plan Administrator may permit the following election changes: (a) if you are enrolled in the benefit package option that has decreased in cost, you may make a corresponding decrease in your contributions; (b) if you are enrolled in another benefit package option (such as the HMO option under the Medical Insurance Plan), you may change your election on a prospective basis to elect the benefit package option that has decreased in cost (such as the PPO option under the Medical Insurance Plan); or (c) if you are otherwise eligible, you may elect the benefit package option that has decreased in cost on a prospective basis, subject to the terms and limitations of the benefit package option.

For insignificant increases or decreases in the cost of benefits, however, the Plan Administrator will automatically adjust your election contributions to reflect the minor change in cost.

The Plan Administrator generally will notify you of increases or decreases in the cost of Health Insurance benefits.

8. Change in Coverage. You may also change your election if one of the following events occurs:

- **Significant Curtailment of Coverage.** If your Health Insurance Benefits coverage is significantly curtailed without a loss of coverage (for example, when there is an increase in the deductible under the Medical Insurance Benefits), then you may revoke your election for that coverage and elect coverage under another benefit package option that provides similar coverage. (Coverage under a plan is significantly curtailed only if there is an overall reduction of coverage under the plan generally loss of one particular physician in a network does not constitute significant curtailment.) If your Health Insurance Benefits coverage is significantly curtailed with a loss of coverage (for example, if you lose all coverage under the option by reason of an overall lifetime or annual limitation), then you may either revoke your election and elect coverage under another benefit package option that provides similar coverage, elect similar coverage under the plan of your Spouse's employer, or drop coverage, but only if there is no option available under the plan that provides similar coverage. (The Plan Administrator generally will notify you of significant curtailments in Medical Insurance Benefits coverage.
- **Addition or Significant Improvement of Cafeteria Plan Option.** If the Cafeteria Plan adds a new option or significantly improves an existing option, then the Plan Administrator may permit Participants who are enrolled in an option other than the new or improved option to elect the new or improved option. Also, the Plan Administrator may permit eligible Employees to elect the new or improved option on a prospective basis, subject to limitations imposed by the applicable option.
- **Loss of Other Group Health Coverage.** You may change your election to add group health coverage for you, your Spouse, or your Dependent, if any of you loses coverage under any group health coverage sponsored by a governmental or educational institution (for example, a state children's health insurance program or certain Indian tribal programs).
- **Change in Election Under Another Employer Plan.** You may make an election change that is on account of and corresponds with a change made under another employer plan (including a plan of the Employer or a plan of your

Spouse's or Dependent's employer), so long as (a) the other cafeteria plan or qualified benefits plan permits its participants to make an election change permitted under the IRS regulations; or (b) the Cafeteria Plan permits you to make an election for a period of coverage (for example, the Plan Year) that is different from the period of coverage under the other cafeteria plan or qualified benefits plan, which it does.

For example, if an election to drop coverage is made by your Spouse during his or her Employer's open enrollment, you may add coverage under the Cafeteria Plan to replace the dropped coverage.

9. Intention or Need to Obtain Coverage through a Marketplace Established under the Affordable Care Act.

You may revoke your Health Insurance Benefits coverage mid-Plan Year if either one of the following applies:

- You are seeking to enroll yourself and any other related individuals in coverage to be obtained through a Marketplace.
- You have experienced a reduction of hours and reasonably expect to be working less than 30 hours for the foreseeable future and will seek coverage to be obtained through a Marketplace.

CAF Q-8. What happens if my employment ends during the Plan Year or I lose eligibility for other reasons?

If your employment with the Employer is terminated during the Plan Year, then your active participation in the Cafeteria Plan will cease and you will not be able to make any more contributions to the Cafeteria Plan for Insurance Benefits.

See CAF Q-12 for information on your right to continued or converted group health coverage after termination of your employment.

For purposes of pre-taxing COBRA coverage for Health Insurance Benefits, certain Employees may be able to continue eligibility in the Cafeteria Plan for certain periods. See CAF Q-12.

If you are rehired within the same Plan Year and are eligible for the Cafeteria Plan, then you may make new elections, provided that you are rehired more than 30 days after you terminated employment. If you are rehired within 30 days or less during the same Plan Year, then your prior elections will be reinstated.

If you cease to be an eligible Employee for reasons other than termination of employment, such as a reduction of hours, then you must complete the waiting period described in CAF Q-3 before again becoming eligible to participate in the Plan.

CAF Q-9. *RESERVED*****

CAF Q-10. How long will the Cafeteria Plan remain in effect?

Although the Employer expects to maintain the Cafeteria Plan indefinitely, it has the right to amend or terminate all or any part of the Cafeteria Plan at any time for any reason. It is also possible that future changes in state or federal tax laws may require that the Cafeteria Plan be amended accordingly.

CAF Q-11. What happens if my claim for benefits is denied?

Insurance Benefits

The applicable insurance company will decide your claim in accordance with its claims procedures. If your claim is denied, you may appeal to the insurance company for a review of the denied claim. If you don't appeal on time, you will lose your right to file suit in a state or federal court, as you will not have exhausted your internal administrative appeal rights (which generally is a prerequisite to bringing a suit in state or federal court). For more information about how to file a claim and for details regarding the medical insurance company's claims procedures, consult the claims procedure applicable under that plan or policy, as described in the plan document or summary plan description for the Insurance Plan.

Appeals.

If your claim is denied in whole or part, then you (or your authorized representative) may request review upon written application to the "Committee" (the Benefits Committee that acts on behalf of the Plan Administrator with respect to appeals). Your appeal must be made in writing within 180 days after your receipt of the notice that the claim was denied. If you do not appeal on time, you will lose the right to appeal the denial and the right to file suit in court. Your written appeal should state the reasons that you feel your claim should not have been denied. It should include any additional facts and/or documents that you feel support your claim. You will have the opportunity to ask additional questions and make written comments, and you may review (upon request and at no charge) documents and other information relevant to your appeal.

Decision on Review.

Your appeal will be reviewed and decided by the Committee or other entity designated in the Plan in a reasonable time not later than 60 days after the Committee receives your request for review. The Committee may, in its discretion, hold a hearing on the denied claim. Any medical expert consulted in connection with your appeal will be different from and not subordinate to any expert consulted in connection with the initial claim denial. The identity of a medical expert consulted in connection with your appeal will be provided. If the decision on review affirms the initial denial of your claim, you will be furnished with a notice of adverse benefit determination on review setting forth:

- the specific reason(s) for the decision on review;
- the specific Plan provision(s) on which the decision is based;
- a statement of your right to review (upon request and at no charge) relevant documents and other information;
- if an internal rule, guideline, protocol, or other similar criterion is relied on in making the decision on review, then a description of the specific rule, guideline, protocol, or other similar criterion or a statement that such a rule, guideline, protocol, or other similar criterion was relied on and that a copy of such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request;

CAF Q-12. What is "Continuation Coverage" and how does it work?

COBRA

If you have elected Health Insurance Benefits under this Plan, you may have certain rights to the continuation of such benefits after a "Qualifying Event" (e.g., a termination of employment). See Appendix B of this SPD for a detailed description of your rights to "continuation coverage" under COBRA.

USERRA

Continuation and reinstatement rights may also be available if you are absent from employment due to service in the uniformed services pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). More information about coverage under USERRA is available from the Plan Administrator.

CAF Q-13. How will participating in the Cafeteria Plan affect my Social Security and other benefits?

Participating in the Cafeteria Plan will reduce the amount of your taxable income, which may result in a decrease in your Social Security benefits and/or other benefits which are based on taxable income. However, the tax savings that you realize through Cafeteria Plan participation will often more than offset any reduction in other benefits. If you are still unsure, you are encouraged to consult with your accountant or other tax advisor.

CAF Q-14. How do leaves of absence (such as under FMLA) affect my benefits?

FMLA Leaves of Absence.

If the Employer is subject to the federal Family and Medical Leave Act of 1993 and you go on a qualifying leave under the FMLA, then to the extent required by the FMLA your Employer will continue to maintain your Health Insurance Benefits on the same terms and conditions as if you were still active (that is, your Employer will continue to pay its share of the contributions to the extent that you opt to continue coverage). Your Employer may require you to continue all Medical Insurance Benefits coverage while you are on paid leave (so long as Participants on non-FMLA paid leave are required to continue coverage). If so, you will pay your share of the contributions by the method normally used during any paid leave (for example, on a pre-tax salary-reduction basis).

If you are going on unpaid FMLA leave (or paid FMLA leave where coverage is not required to be continued) and you opt to continue your Insurance Benefits, then you may pay your share of the contributions in one of three ways: (a) with after-tax dollars while on leave; (b) with pretax dollars to the extent that you receive compensation during the leave, or by pre-paying all or a portion of your share of the contributions for the expected duration of the leave on a pre-tax salary reduction basis out of your pre-leave compensation, including unused sick days and vacation days (to pre-pay in advance, you must make a special election before such compensation normally would be available to you (but note that prepayments with pre-tax dollars may not be used to pay for coverage during the next Plan Year); or (c) by other arrangements agreed upon by you and the Plan Administrator (for example, the Plan Administrator may pay for coverage during the leave and withhold amounts from your compensation upon your return from leave).

If your Employer requires all Participants to continue Insurance Benefits during the unpaid FMLA leave, then you may discontinue paying your share of the required contributions until you return from leave. Upon returning from leave, you must pay your share of any required contributions that you did not pay during the leave. Payment for your share will be withheld from your compensation either on a pre-tax or after-tax basis, depending on what you and the Plan Administrator agree to.

If your Health Insurance coverage ceases while you are on FMLA leave (e.g., for non-payment of required contributions), you will be permitted to re-enter such Benefits, as applicable, upon return from such leave on the same basis as when you were

participating in the Plan before the leave or as otherwise required by the FMLA. You may be required to have coverage for such Benefits reinstated so long as coverage for Employees on non-FMLA leave is required to be reinstated upon return from leave.

If you are commencing or returning from FMLA leave, then your election for non-health benefits provided under this Plan, if any, will be treated in the same way as under your Employer's policy for providing such Benefits for Participants on a non-FMLA leave (see below). If that policy permits you to discontinue contributions while on leave, then upon returning from leave you will be required to repay the contributions not paid by you during leave. Payment will be withheld from your compensation either on a pre-tax or after-tax basis, as agreed to by the Plan Administrator and you or as the Plan Administrator otherwise deems appropriate.

Non-FMLA Leaves of Absence.

If you go on an unpaid leave of absence that does not affect eligibility, then you will continue to participate and the contribution due from you (if not otherwise paid by your regular salary reductions) will be paid by pre-payment before going on leave, with after-tax contributions while on leave, or with catch-up contributions after the leave ends, as determined by the Plan Administrator. If you go on an unpaid leave that does affect eligibility, then the Change in Status rules will apply.

Premium Payment Benefits

PREM Q-1. What are "Premium Payment Benefits"?

As described in CAF Q-1, if you elect Premium Payment Benefits you will be able to pay for your share of contributions for Insurance Benefits with pre-tax dollars by electing to do so. Because the share of the contributions that you pay will be with pre-tax funds, you may save both federal income taxes and FICA (Social Security) taxes. See Q-4.

PREM Q-2. How are my Premium Payment Benefits paid?

As described in CAF Q-1 and in PREM Q-1, if you select an Insurance Plan described in CAF Q-2, then you may be required to pay a portion of the contributions. When you complete the Election Form/Salary Reduction Agreement, if you elect to pay for benefits on a pre-tax basis you agree to a salary reduction to pay for your share of the cost of coverage (also known as contributions) with pre-tax funds instead of receiving a corresponding amount of your regular pay that would otherwise be subject to taxes. From then on, you must pay a contribution for such coverage by having that portion deducted from each paycheck on a pre-tax basis (generally an equal portion from each paycheck, or an amount otherwise agreed to or as deemed appropriate by the Plan Administrator).

The Employer may contribute all, some, or no portion of the Premium Payment Benefits that you have selected, as described in documents furnished separately to you from time to time.

Miscellaneous

MISC Q-1

What are my ERISA Rights?

The Cafeteria Plan is not an ERISA welfare benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA). The SPDs of the various benefits components of the Plan will describe your rights under ERISA, if applicable, under that component.

Regardless, a participant in the Cafeteria Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations (such as worksites) all documents governing the Plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series), if any, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;
- Obtain, upon written request to the Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series)

- and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies); and
- Receive a summary of the Plan's annual financial report, if any. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

COBRA and HIPAA Rights. You have a right to continue your Health Insurance Plan coverage for yourself if there is a loss of coverage under the plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this SPD and the documents governing the plan on the rules governing your COBRA continuation coverage rights.

HIPAA Privacy Rights. Under another provision of HIPAA, group health plans are required to take steps to ensure that certain "protected health information" (PHI) is kept confidential. You may receive a separate notice from the Employer (or medical insurers) that outlines its health privacy policies.

Fiduciary Obligations. In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefits plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other participants.

No Discrimination. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a plan benefit or exercising your rights under ERISA.

Right to Review. If your claim for a benefit is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Enforcing Your Rights. Under ERISA, there are steps that you can take to enforce these rights. For instance, if you request a copy of plan documents or the latest annual report (if any) from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive them, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, then you may file suit in a state or federal court (but only if you have first filed your claim under the Plan's claims procedures and, if applicable, filed a timely appeal of any denial of your claim).

If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions. If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA or HIPAA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration

MISC Q-2. What other general information should I know?

This MISC Q-2 contains certain general information that you may need to know about the Plan.

Plan Information

Official Name of the Plan: ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan

Plan Number: 501

Effective Date: 10/1/2021.

Plan Year: 10/1/2021 to 9/30/2022. Your Plan's records are maintained on this period of time

Type of Plan: Welfare plan providing various insurance benefits

Employer/Plan Sponsor Information

Name and Address:

ARK TEX COUNCIL OF GOVERNMENT FBP

PO BOX 5307
TEXARKANA, TX 75505
Federal employee tax identification number (EIN): 751293383

Plan Administrator Information

Name, Address, and business telephone number:

ARK TEX COUNCIL OF GOVERNMENT FBP

PO BOX 5307
TEXARKANA, TX 75505
Attention: Human Resources Manager
Telephone: 9038328636

Agent for Service of Legal Process

The name and address of the Plan's agent for service of legal process is:

ARK TEX COUNCIL OF GOVERNMENT FBP

PO BOX 5307
TEXARKANA, TX 75505
Attention: Benefits Committee

Qualified Medical Child Support Order

The Health Insurance Plans will provide benefits as required by any qualified medical child support order (QMCSO), as defined in ERISA § 609(a). The Plan has detailed procedures for determining whether an order qualifies as a QMCSO. Participants and beneficiaries can obtain, without charge, a copy of such procedures from the Plan Administrator.

Newborns' and Mothers' Health Protection Act of 1996

Group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery or to less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Appendix A

*****Affiliated Employers*****

Appendix B

COBRA CONTINUATION COVERAGE RIGHTS under the ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan (the "Plan")

The following paragraphs generally explain COBRA coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. PLEASE READ THE FOLLOWING CAREFULLY.

The ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan has group health insurance components and you may be enrolled in one or more of these components. COBRA (and the description of COBRA coverage contained in this SPD) applies only to the group health plan benefits offered under the Plan and not to any other benefits offered under the Plan or by ARK TEX COUNCIL OF GOVERNMENT FBP. The Plan provides no greater COBRA rights than what COBRA requires - nothing in this SPD is intended to expand your rights beyond COBRA's requirements.

What Is COBRA Coverage?

COBRA coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed below in the section entitled "Who Is Entitled to Elect COBRA?"

COBRA coverage may become available to "qualified beneficiaries"

After a qualifying event occurs and any required notice of that event is properly provided to ARK TEX COUNCIL OF GOVERNMENT FBP, COBRA coverage must be offered to each person losing Plan coverage who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries and would be entitled to elect COBRA if coverage under the Plan is lost because of the qualifying event. (Certain newborns, newly adopted children, and alternate recipients under QMCSOs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.)

Who Is Entitled to Elect COBRA?

We use the pronoun "you" in the following paragraphs regarding COBRA to refer to each person covered under the Plan who is or may become a qualified beneficiary.

Qualifying events for the covered employee

If you are an employee, you will be entitled to elect COBRA if you lose your group health coverage under the Plan because either one of the following qualifying events happens:

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

Qualifying events for the covered spouse

If you are the spouse of an employee, you will be entitled to elect COBRA if you lose your group health coverage under the Plan because any of the following qualifying events happens:

- your spouse dies;
- your spouse's hours of employment are reduced;
- your spouse's employment ends for any reason other than his or her gross misconduct;
- you become divorced or legally separated from your spouse. Also, if your spouse (the employee) reduces or eliminates your group health coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a qualifying event for you even though your coverage was reduced or eliminated before the divorce or separation.

Qualifying events for dependent children

If you are the dependent child of an employee, you will be entitled to elect COBRA if you lose your group health coverage under the Plan because any of the following qualifying events happens:

- your parent-employee dies;
- your parent-employee's hours of employment are reduced;

- your parent-employee's employment ends for any reason other than his or her gross misconduct;
- you stop being eligible for coverage under the Plan as a "dependent child."

Electing COBRA after leave under the Family and Medical Leave Act (FMLA)

Under special rules that apply if an employee does not return to work at the end of an FMLA leave, some individuals may be entitled to elect COBRA even if they were not covered under the Plan during the leave. Contact ARK TEX COUNCIL OF GOVERNMENT FBP for more information about these special rules.

Special second election period for certain eligible employees who did not elect COBRA

Certain employees and former employees who are eligible for federal trade adjustment assistance (TAA) or alternative trade adjustment assistance (ATAA) are entitled to a second opportunity to elect COBRA for themselves and certain family members (if they did not already elect COBRA) during a special second election period of 60 days or less (but only if the election is made within six months after Plan coverage is lost).

When Is COBRA Coverage Available?

When the qualifying event is the end of employment, reduction of hours of employment, or death of the employee, the Plan will offer COBRA coverage to qualified beneficiaries. You need not notify ARK TEX COUNCIL OF GOVERNMENT FBP of any of these qualifying events.

Caution:

You stop being eligible for coverage as dependent child whenever you fail to satisfy any part of the plan's definition of dependent child.

You must notify the plan administrator of certain qualifying events by this deadline

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), a COBRA election will be available to you only if you notify ARK TEX COUNCIL OF GOVERNMENT FBP in writing within 60 days after the later of (1) the date of the qualifying event; or (2) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the qualifying event.

No COBRA election will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan's form entitled "Notice of Qualifying Event Form" and you must follow the notice procedures specified in the section below entitled "Notice Procedures." If these procedures are not followed or if the notice is not provided to ARK TEX COUNCIL OF GOVERNMENT FBP during the 60-day notice period, YOU WILL LOSE YOUR RIGHT TO ELECT COBRA.

How to elect COBRA

To elect COBRA, you must complete the Election Form that is part of the Plan's COBRA election notice and mail or hand-deliver it to ARK TEX COUNCIL OF GOVERNMENT FBP. An election notice will be provided to qualified beneficiaries at the time of a qualifying event. You may also obtain a copy of the Election Form from ARK TEX COUNCIL OF GOVERNMENT FBP.

Deadline for COBRA election

If mailed, your election must be postmarked (or if hand-delivered, your election must be received by the individual at the address specified on the Election Form) no later than 60 days after the date of the COBRA election notice provided to you at the time of your qualifying event (or, if later, 60 days after the date that Plan coverage is lost). IF YOU DO NOT SUBMIT A COMPLETED ELECTION FORM BY THIS DUE DATE, YOU WILL LOSE YOUR RIGHT TO ELECT COBRA.

Independent election rights

Each qualified beneficiary will have an independent right to elect COBRA.

Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice WILL LOSE HIS OR HER RIGHT TO ELECT COBRA COVERAGE.

Special Considerations in Deciding Whether to Elect COBRA

In considering whether to elect COBRA, you should take into account that a failure to elect COBRA will affect your future rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage

under the Plan ends because of one of the qualifying events listed above. You will also have the same special enrollment right at the end of COBRA coverage if you get COBRA coverage for the maximum time available to you.

Length of COBRA Coverage

COBRA coverage is a temporary continuation of coverage. The COBRA coverage periods described below are maximum coverage periods.

COBRA coverage can end before the end of the maximum coverage period for several reasons, which are described in the section below entitled "Termination of COBRA Coverage Before the End of the Maximum Coverage Period."

Death, divorce, legal separation, or child's loss of dependent status

When Plan coverage is lost due to the death of the employee, the covered employee's divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA coverage under the Plan's Medical and Dental components can last for up to a total of 36 months.

If the covered employee becomes entitled to Medicare within 18 months before his or her termination of employment or reduction of hours.

When Plan coverage is lost due to the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA coverage under the Plan's Medical and Dental components for qualified beneficiaries (other than the employee) who lose coverage as a result of the qualifying event can last until up to 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight months before the date on which his employment terminates, COBRA coverage for his spouse and children who lost coverage as a result of his termination can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus eight months). This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months BEFORE the termination or reduction of hours.

Termination of employment or reduction of hours

Otherwise, when Plan coverage is lost due to the end of employment or reduction of the employee's hours of employment, COBRA coverage under the Plan's Medical and Dental components generally can last for only up to a total of 18 months.

Extension of Maximum Coverage Period

If the qualifying event that resulted in your COBRA election was the covered employee's termination of employment or reduction of hours, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify ARK TEX COUNCIL OF GOVERNMENT FBP of a disability or a second qualifying event in order to extend the period of COBRA coverage. Failure to provide notice of a disability or second qualifying event will eliminate the right to extend the period of COBRA coverage.

Disability extension of COBRA coverage

If a qualified beneficiary is determined by the Social Security Administration to be disabled and you notify ARK TEX COUNCIL OF GOVERNMENT FBP in a timely fashion, all of the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA coverage, for a total maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must last at least until the end of the period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above). Each qualified beneficiary will be entitled to the disability extension if one of them qualifies.

You must notify ARK TEX COUNCIL OF GOVERNMENT FBP of a qualified beneficiary's disability by this deadline

The disability extension is available only if you notify ARK TEX COUNCIL OF GOVERNMENT FBP in writing of the Social Security Administration's determination of disability within 60 days after the latest of:

- the date of the Social Security Administration's disability determination;
- the date of the covered employee's termination of employment or reduction of hours; and
- the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension.

No disability extension will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan's form entitled "Notice of Disability Form" and you must follow the notice procedures specified in the section below entitled "Notice Procedures."

If these procedures are not followed or if the notice is not provided to ARK TEX COUNCIL OF GOVERNMENT FBP during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours, then there will be no disability extension of COBRA coverage.

Second qualifying event extension of COBRA coverage

An extension of coverage will be available to spouses and dependent children who are receiving COBRA coverage if a second qualifying event occurs during the 18 months (or, in the case of a disability extension, the 29 months) following the covered employee's termination of employment or reduction of hours. The maximum amount of COBRA coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or legal separation from the covered employee, or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. (This extension is not available under the Plan when a covered employee becomes entitled to Medicare after his or her termination of employment or reduction of hours.)

You must notify ARK TEX COUNCIL OF GOVERNMENT FBP of a second qualifying event by this deadline

This extension due to a second qualifying event is available only if you notify ARK TEX COUNCIL OF GOVERNMENT FBP in writing of the second qualifying event within 60 days after the date of the second qualifying event.

No extension will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan's form entitled "Notice of Second Qualifying Event Form" (you may obtain a copy of this form from ARK TEX COUNCIL OF GOVERNMENT FBP at no charge), and you must follow the notice procedures specified in the section below entitled "Notice Procedures." If these procedures are not followed or if the notice is not provided to ARK TEX COUNCIL OF GOVERNMENT FBP during the 60-day notice period, then there will be no extension of COBRA coverage due to a second qualifying event.

Termination of COBRA Coverage Before the End of the Maximum Coverage Period

COBRA coverage will automatically terminate before the end of the maximum period if:

- any required premium is not paid in full on time;
- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing COBRA;
- the employer ceases to provide any group health plan for its employees; or
- during a disability extension period, the disabled qualified beneficiary is determined by the Social Security Administration to be no longer disabled (COBRA coverage for all qualified beneficiaries, not just the disabled qualified beneficiary, will terminate).

COBRA coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving COBRA coverage (such as fraud).

You must notify ARK TEX COUNCIL OF GOVERNMENT FBP if a qualified beneficiary becomes entitled to Medicare or obtains other group health plan coverage

You must notify ARK TEX COUNCIL OF GOVERNMENT FBP in writing within 30 days if, after electing COBRA, a qualified beneficiary becomes entitled to Medicare (Part A, Part B, or both) or becomes covered under other group health plan coverage. In addition, if you were already entitled to Medicare before electing COBRA, notify Employer of the date of your Medicare entitlement at the address shown in the section below entitled "Notice Procedures."

You must notify ARK TEX COUNCIL OF GOVERNMENT FBP if a qualified beneficiary ceases to be disabled

If a disabled qualified beneficiary is determined by the Social Security Administration to no longer be disabled, you must notify ARK TEX COUNCIL OF GOVERNMENT FBP of that fact within 30 days after the Social Security Administration's determination.

Cost of COBRA Coverage

Each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of COBRA coverage due to a disability, 150%) of the

cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage. The amount of your COBRA premiums may change from time to time during your period of COBRA coverage and will most likely increase over time. You will be notified of COBRA premium changes.

Payment for COBRA Coverage

How premium payments must be made

All COBRA premiums must be paid by check. Your first payment and all monthly payments for COBRA coverage must be mailed or hand-delivered to the individual at the payment address specified in the election notice provided to you at the time of your qualifying event. However, if the Plan notifies you of a new address for payment, you must mail or hand-deliver all payments for COBRA coverage to the individual at the address specified in that notice of a new address.

When premium payments are considered to be made

If mailed, your payment is considered to have been made on the date that it is postmarked. If hand-delivered, your payment is considered to have been made when it is received by the individual at the address specified above. You will not be considered to have made any payment by mailing or hand-delivering a check if your check is returned due to insufficient funds or otherwise.

First payment for COBRA coverage

If you elect COBRA, you do not have to send any payment with the Election Form. However, you must make your first payment for COBRA coverage not later than 45 days after the date of your election. (This is the date your Election Form is postmarked, if mailed, or the date your Election Form is received by the individual at the address specified for delivery of the Election Form, if hand-delivered.) See the section above entitled "Electing COBRA Coverage."

Your first payment must cover the cost of COBRA coverage from the time your coverage under the Plan would have otherwise terminated up through the end of the month before the month in which you make your first payment. (For example, Sue's employment terminates on September 30, and she loses coverage on September 30. Sue elects COBRA on November 15. Her initial premium payment equals the premiums for October and November and is due on or before December 30, the 45th day after the date of her COBRA election.)

You are responsible for making sure that the amount of your first payment is correct. You may contact ARK TEX COUNCIL OF GOVERNMENT FBP using the contact information provided below to confirm the correct amount of your first payment. Claims for reimbursement will not be processed and paid until you have elected COBRA and made the first payment for it.

If you do not make your first payment for COBRA coverage in full within 45 days after the date of your election, you will lose all COBRA rights under the Plan.

Monthly payments for COBRA coverage

After you make your first payment for COBRA coverage, you will be required to make monthly payments for each subsequent month of COBRA coverage. The amount due for each month for each qualified beneficiary will be disclosed in the election notice provided to you at the time of your qualifying event. Under the Plan, each of these monthly payments for COBRA coverage is due on the first day of the month for that month's COBRA coverage. If you make a monthly payment on or before the first day of the month to which it applies, your COBRA coverage under the Plan will continue for that month without any break. ARK TEX COUNCIL OF GOVERNMENT FBP will not send periodic notices of payments due for these coverage periods (that is, we will not send a bill to you for your COBRA coverage - it is your responsibility to pay your COBRA premiums on time).

Grace periods for monthly COBRA premium payments

Although monthly payments are due on the first day of each month of COBRA coverage, you will be given a grace period of 30 days after the first day of the month to make each monthly payment. Your COBRA coverage will be provided for each month as long as payment for that month is made before the end of the grace period for that payment. However, if you pay a monthly payment later than the first day of the month to which it applies, but before the end of the grace period for the month, your coverage under the Plan will be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) when the monthly payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a monthly payment before the end of the grace period for that month, you will lose all rights to COBRA coverage under the Plan.

More Information About Individuals Who May Be Qualified Beneficiaries

Children born to or placed for adoption with the covered employee during a period of COBRA coverage

A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age).

Alternate recipients under QMCSOs

A child of the covered employee who is receiving benefits under the Plan pursuant to a qualified medical child support order (QMCSO) received by ARK TEX COUNCIL OF GOVERNMENT FBP during the covered employee's period of employment with ARK TEX COUNCIL OF GOVERNMENT FBP is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

NOTICE PROCEDURES ARK TEX COUNCIL OF GOVERNMENT FBP Welfare Benefits Plan (the Plan)

WARNING: If your notice is late or if you do not follow these notice procedures, you and all related qualified beneficiaries will lose the right to elect COBRA (or will lose the right to an extension of COBRA coverage, as applicable).

Notices Must Be Written and Submitted on Plan Forms

Any notice that you provide must be in writing and must be submitted on the Plan's required form (the Plan's required forms are described above in this SPD, and you may obtain copies from ARK TEX COUNCIL OF GOVERNMENT FBP without charge). Oral notice, including notice by telephone, is not acceptable. Electronic (including e-mailed or faxed) notices are not acceptable.

How, When, and Where to Send Notices

You must mail or hand-deliver your notice to:

Human Resources Manager

ARK TEX COUNCIL OF GOVERNMENT FBP
PO BOX 5307
TEXARKANA TX 75505

However, if a different address for notices to the Plan appears in the Plan's most recent summary plan description, you must mail or hand-deliver your notice to that address (if you do not have a copy of the Plan's most recent summary plan description, you may request one from ARK TEX COUNCIL OF GOVERNMENT FBP).

If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If hand-delivered, your notice must be received by the individual at the address specified above no later than the last day of the applicable notice period. (The applicable notice periods are described in the paragraphs above entitled "You must notify the plan administrator of certain qualifying events by this deadline," "You must notify ARK TEX COUNCIL OF GOVERNMENT FBP of a qualified beneficiary's disability by this deadline", and "You must notify ARK TEX COUNCIL OF GOVERNMENT FBP of a second qualifying event by this deadline.")

Information Required for All Notices

Any notice you provide must include (1) the name of the Plan (ARK TEX COUNCIL OF GOVERNMENT FBP Welfare Benefits Plan); (2) the name and address of the employee who is (or was) covered under the Plan; (3) the name(s) and address(es) of all qualified beneficiary(ies) who lost coverage as a result of the qualifying event; (4) the qualifying event and the date it happened; and (5) the certification, signature, name, address, and telephone number of the person providing the notice.

Additional Information Required for Notice of Qualifying Event

If the qualifying event is a divorce or legal separation, your notice must include a copy of the decree of divorce or legal separation. If your coverage is reduced or eliminated and later a divorce or legal separation occurs, and if you are notifying ARK TEX COUNCIL OF GOVERNMENT FBP that your Plan coverage was reduced or eliminated in anticipation of the divorce or legal separation, your notice must include evidence satisfactory to ARK TEX COUNCIL OF GOVERNMENT FBP that your coverage was reduced or eliminated in anticipation of the divorce or legal separation.

Additional Information Required for Notice of Disability

Any notice of disability that you provide must include (1) the name and address of the disabled qualified beneficiary; (2) the date that the qualified beneficiary became disabled; (3) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage; (4) the date that the Social Security Administration made its determination; (5) a copy of the Social Security Administration's determination; and (6) a statement whether the Social Security Administration has

subsequently determined that the disabled qualified beneficiary is no longer disabled.

Additional Information Required for Notice of Second Qualifying Event

Any notice of a second qualifying event that you provide must include (1) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage; (2) the second qualifying event and the date that it happened; and (3) if the second qualifying event is a divorce or legal separation, a copy of the decree of divorce or legal separation.

Who May Provide Notices

The covered employee, a qualified beneficiary who lost coverage due to the qualifying event described in the notice, or a representative acting on behalf of either may provide notices. A notice provided by any of these individuals will satisfy any responsibility to provide notice on behalf of all qualified beneficiaries who lost coverage due to the qualifying event described in the notice.

THIS CONCLUDES THE SUMMARY OF YOUR CONTINUATION COVERAGE RIGHTS UNDER COBRA. PLEASE CONTACT THE HUMAN RESOURCES OFFICE (OR THE EQUIVALENT THEREOF) OF ARK TEX COUNCIL OF GOVERNMENT FBPs IF YOU HAVE ANY QUESTIONS OR NEED MORE INFORMATION.

ARK TEX COUNCIL OF GOVERNMENT FBP Cafeteria Plan Summary Plan

Description Addendum with Regard to Health Savings Accounts

HSA Q-1. What are "HSA Benefits"?

As described in HSA Q-2, an HSA permits Employees to make pre-tax contributions to an HSA established and maintained outside the Plan with the Employee's HSA trustee/custodian. For purposes of this Cafeteria Plan, HSA Benefits consist solely of the ability to make such pre-tax contributions under this Cafeteria Plan.

If you elect HSA Benefits, then you will be able to provide a source of pre-tax contributions by entering into a Salary Reduction Agreement with your Employer. Because the share of the contributions that you pay will be with pre-tax funds, you may save both federal income taxes and FICA taxes.

To participate in the HSA Benefits, you must be an "HSA-Eligible Individual." This means that you are eligible to contribute to an HSA under the requirements of Code § 223 and that you have elected qualifying High Deductible Health Plan coverage offered by the Employer and have not elected any disqualifying non- High Deductible Health Plan coverage offered by the Employer. ("High Deductible Health Plan" means the high deductible health plan offered by your Employer that is intended to qualify as a high deductible health plan under Code § 223(c)(2), as described in materials that will be provided separately to you by the Employer.) If you elect HSA Benefits, you will be required to certify that you meet all of the requirements under Code § 223 to be eligible to contribute to an HSA. These requirements include such things as not having any disqualifying coverage and you should be aware that coverage under a Spouse's plan could make you ineligible to contribute to an HSA.

In order to elect HSA Benefits under the Plan, you must establish and maintain an HSA outside of the Plan with an HSA trustee/custodian and you must provide sufficient identifying information about your HSA to facilitate the forwarding of your pre-tax Salary Reductions through the Employer's payroll system to your designated HSA trustee/custodian.

HSA Q-2. What is my "HSA"?

The HSA is not an employer-sponsored employee benefit plan it is an individual trust or custodial account that you open with an HSA trustee/custodian to be used primarily for reimbursement of "eligible medical expenses" as set forth in Code § 223. Your HSA is administered by your HSA trustee/custodian. Consequently, an HSA trustee/custodian, not the Employer, will establish and maintain your HSA. Your Employer's role is limited to allowing you to contribute to your HSA on a pre-tax Salary-Reduction basis. The HSA trustee/custodian will be chosen by you, as the Participant, and not by the Employer. Your Employer may, however, limit the number of HSA providers to whom it will forward pretax Salary Reductions, a list of whom will be provided upon request. Any such list of HSA trustees/custodians, however, shall be maintained for administrative simplification and shall not be an endorsement of any particular HSA trustee/custodian. Your Employer has no authority or control over the funds deposited in your HSA.

The Plan Administrator will maintain records to keep track of HSA contributions that you make via pre-tax Salary Reductions, but it will not create a separate fund or otherwise segregate assets for this purpose.

HSA Q-3. What are the maximum HSA Benefits that I may elect under the Cafeteria Plan?

Your annual contribution for HSA Benefits is equal to the annual benefit amount that you elect (for example, if a \$2,000 annual benefit amount is elected for 2010, then the annual contribution amount is also \$2,000). The amount you elect must not exceed the statutory maximum amount for HSA contributions applicable to your High Deductible Health Plan coverage option (i.e., single or family) for the calendar year in which the contribution is made. (Note: The statutory limits for 2019 are \$3,500 for single and \$7,000 for family. The 2020 limits have been updated to \$3,550 for single and \$7,100 for family and the 2021 limits are \$3,600 for single and \$7,200 for family.) An additional catch-up contribution of up to \$1,000 may be made if you are age 55 or older.

In addition, the maximum annual contribution shall be: (a) reduced by any matching (or other) Employer contribution made on your behalf (there are currently no such Employer contributions (other than pre-tax Salary Reductions) made under the Plan); and (b) pro-rated for the number of months in which you are an HSA-Eligible Individual.

Note that if you are an HSA-Eligible Individual for only part of the year but you meet all of the requirements under Code § 223 to be eligible to contribute to an HSA on December 1, you may be able to contribute up to the full statutory maximum amount for HSA contributions applicable to your coverage option (i.e., single or family). However, any contributions in excess of your annual contribution under the Plan for HSA benefits (as described above), but not in excess of the applicable full statutory maximum amount, must be made outside the Plan. In addition, if you do not remain eligible to contribute to an HSA under the requirements of Code § 223 during the following year, the portion of HSA contributions attributable to months that you were not actually eligible to contribute to an HSA will be includible in your gross income and subject to a 10% penalty (exceptions apply in the event of death or disability).

HSA Q-4. How are my HSA Benefits paid for under the Cafeteria Plan?

When you complete the Salary Reduction Agreement, you specify the amount of HSA Benefits that you wish to pay for with your salary reduction. From then on, you make a contribution for such coverage by having that portion deducted from each paycheck on a pre-tax basis (generally an equal portion from each paycheck or an amount otherwise agreed to or as deemed appropriate by the Plan Administrator).

For example, suppose that you have elected to contribute up to \$2,000 per year for HSA Benefits and that you have chosen no other benefits under the Cafeteria Plan. If you pay all of your contributions, then our records would reflect that you have contributed a total of \$2,000 during the Plan Year. If you are paid biweekly, then our records would reflect that you have paid \$76.92 (\$2,000 divided by 26) each pay period in contributions for the HSA Benefits that you have elected. Such contributions will be forwarded to the HSA trustee/custodian (or its designee) within a reasonable time after being withheld.

The Employer makes no contribution to your HSA and your Employer has no authority or control over the funds deposited in your HSA.

HSA Q-5. Will I be taxed on the HSA Benefits that I receive?

You may save both federal income taxes and FICA taxes by participating in the Cafeteria Plan. However, very different rules apply with respect to taxability of HSA Benefits than for other Benefits offered under this Plan. For more information regarding the tax ramifications of participating in an HSA as well as the terms and conditions of your HSA you may want to refer to the communications materials provided by your HSA trustee/custodian as well as IRS Publication 969 ("Health Savings Accounts and Other Tax-Favored Health Plans").

The Employer cannot guarantee that specific tax consequences will flow from your participation in the Cafeteria Plan. Ultimately, it is your responsibility to determine the tax treatment of HSA Benefits. Remember that the Plan Administrator is not providing legal advice. If you need an answer upon which you can rely, you may wish to consult a tax advisor.

HSA Q-6. Who can contribute to an HSA under the Cafeteria Plan?

Only Employees who are HSA-Eligible Individuals can participate in the HSA Benefits. An HSA-Eligible Individual means an individual who meets the eligibility requirements of Code § 223 and who has elected qualifying High Deductible Health Plan coverage offered by the Employer and who has not elected any disqualifying non-High Deductible Health Plan coverage. The terms of the High Deductible Health Plan that has been selected by your Employer will be further described in materials that will be provided separately to you by the Employer.

HSA Q-7. Can I change my HSA Contribution under the Cafeteria Plan?

Unlike the other benefits offered under the Cafeteria Plan, you may increase, decrease, or revoke your HSA contribution election at any time during the plan year for any reason by submitting an election change form to the Plan Administrator (or to its designee). Your election change will be prospectively effective on the first day of the month following the month in which you properly submitted your election change. Your ability to make pre-tax contributions under this Plan to the HSA identified above ends on the date that you cease to meet the eligibility requirements.

HSA Q-8. Where can I get more information on my HSA and its related tax consequences?

For details regarding your rights and responsibilities with respect to your HSA (including information regarding the terms of eligibility, what constitutes a qualifying High Deductible Health Plan, contributions to the HSA, and distributions from the HSA), please refer to your HSA trust or custodial agreement and other documentation associated with your HSA and provided to you by your HSA trustee/custodian. You may also want to review IRS Publication 969 ("Health Savings Accounts and Other Tax-Favored Health Plans").