



Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

**Board of Selectmen Agenda
Regular Meeting
Thursday, April 21, 2016
Immediately following Commission Chairmen Meeting @ 7pm
Colchester Town Hall
Meeting Room 1**

1. Call to Order
2. Additions to the Agenda
3. Approve Minutes of the April 7, 2016 Regular Board of Selectmen Meeting
4. Citizen's Comments
5. Boards and Commissions – Interviews and/or Possible Appointments and Resignations
 - a. Fair Rent Commission — Steven Schuster possible reappointment for a two-year term to expire on 4/30/2018
6. Budget Transfers
7. Tax Refunds & Rebates
8. Discussion and Possible Action on Contract with Lockton
9. Discussion on Security System Policy
10. Discussion and Possible Action on Non-Union and Elected Officials Compensation Policy
11. Discussion and Possible Action on Setting the Annual Town Budget Meeting Date to Consider and Act upon the 2016-2017 Budget
12. Citizen's Comments
13. First Selectman's Report
14. Liaison Reports
15. Executive Session Regarding Health
16. Adjourn

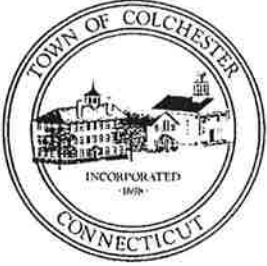
RECEIVED
COLCHESTER, CT
2016 APR 15 AM 10:41
TOWN OF COLCHESTER
MEETING ROOM 1

Agenda item #8 Motion

Motion to approve the amendment to the Lockton Contract for FY 2016-2017 and authorize the First Selectman to sign the contract

Agenda item #11 MOTION

Motion to set the Town Meeting date on May 3, 2016 at 7pm at Town Hall to send the Town Budget in the amount of \$14,389,712 and the Board of Education Budget in the amount of \$39,895,363 to Town Meeting



Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

Board of Selectmen Minutes
Regular Meeting Minutes
Thursday, April 7, 2016
Colchester Town Hall @ 7PM

MEMBERS PRESENT: First Selectman Art Shilosky, Selectman Stan Soby, Selectman Rosemary Coyle, Selectman Denise Mizla, and Selectman John Jones

MEMBERS ABSENT: none

OTHERS PRESENT: Board of Finance R Tarlov, Board of Education B Bernier, Public Works Director J Paggioli, Collector M Wyatt, Town Clerk G Furman, Registrar D Mrowka, and Clerk T. Dean

RECEIVED
COLCHESTER, CT
2016 APR 22 AM 9:26
TOWN CLERK
G. FURMAN

- 1. Call to Order**
First Selectman A Shilosky called the meeting to order at 7:00 p.m.
- 2. Additions to the Agenda - none**
- 3. Approve Minutes of the March 17, 2016 Regular Board of Selectmen Meeting**
R Coyle moved to approve the Regular Board of Selectmen meeting minutes of March 17, 2016, seconded by D Mizla. Unanimously approved. MOTION CARRIED
- 4. Citizen's Comments - none**
- 5. Boards and Commissions – Interviews and/or Possible Appointments and Resignations - none**
- 6. Budget Transfers - none**
- 7. Tax Refunds & Rebates**
D Mizla moved to approve tax refunds in the amount of \$12.24 to Rebecca Reid, \$557.37 to John Taylor, and \$5.59 to Dean Conrad and Carl Conrad, seconded by R Coyle. Unanimously approved. MOTION CARRIED
- 8. Discussion and Possible Action on Tax Office Volunteer Intern Job Description**
M Wyatt informed the Board what she is looking for the intern to do starting in May. S Soby stated that the job description looks like one for an employee and would like review from counsel that it will not cause problems going forward. Also what duties in the office can be assigned, with being cognizant of employment law. If this was a placement through a college and was in alignment with a college requirement it would be a different situation. The board discussed looking at the volunteer policy and use it for language. TABLED
- 9. Discussion and Possible Action on Security System Policy**
A Shilosky asked the Board to review the memo regarding how the security system works and then offer input at the next meeting. The discussion will happen in Executive Session due to the nature of security. TABLED TO NEXT MEETING.
- 10. Discussion and Possible Action on Dog License Program**
G Furman stated the previous dog program was one that the former IT Director set up and maintained. Since the Director left, the Dept. does not have knowledge on how to update and run the software. A fee will now be charged by the former IT Director to update and maintain the system. The other option is to use the current system add-on feature for the dog program which is less expensive to maintain. This program will also enable the ACO to remotely get dog licensing information. If approved, it will be implemented immediately. S Soby stated that going the recommended route would allow the town to utilize a system that is maintained vs a home grown system.

R Coyle moved to authorize the First Selectman to sign the contract with Cott Systems for the Toby Trax Dog Licensing Program as an add-on to the current land records system, seconded by S Soby. Unanimously approved. MOTION CARRIED.

11. Discussion and Possible Action on Historic Preservation Grant

S Soby moved to authorize the First Selectman to designate Gayle Furman, Town Clerk, as agent for making the application for the Targeted Grant FY 2017 for the Historic Documents Preservation Program, seconded by R Coyle. Unanimously approved. MOTION CARRIED.

12. Discussion and Possible Action on Ice Cream Agreement at Summer Concerts

R Coyle moved to accept the bid from New England Soft Serve of \$161/concert and authorize the First Selectman to sign all necessary documents, seconded by J Jones. Unanimously Approved. MOTION CARRIED.

13. Discussion and Possible Action on O&G Industries Contract

A Shilosky stated the contract was reviewed and recommended by town counsel. There will still need to be an outside contract for liability that will be in place before the ground breaking. Two options, either O&G purchases the policy and bills us or the town will purchase directly from USI.

R Coyle moved to authorize the First Selectman to sign the contract with O&G as construction manager for the William Johnston Middle School Project, seconded by J Jones. Unanimously approved. MOTION CARRIED.

14. Discussion and Possible Action on 95 Norwich Avenue Purchase Agreement

A Shilosky stated the agreement was reviewed by town counsel and approved by the sellers.

S Soby moved to approved the 95 Norwich Avenue Purchase Agreement and authorize the First Selectman to sign the agreement, seconded by R Coyle. Unanimously approved. MOTION CARRIED

15. Discussion and Possible Action on 95 Norwich Ave Resolution

S Soby moved to approve the Resolutions for the purchase of 95 Norwich Avenue agreement, seconded by R Coyle. Unanimously Approved. MOTION CARRIED.

16. Discussion and Possible Action on Fair Housing Resolution

This resolution is for the application requirement for the 2016 Small Cities Grant.

S Soby moved to authorize the First Selectman to sign the Fair Housing Resolution with the addition of Colchester to the fourth 'whereas', seconded by D Mizla. Unanimously approved. MOTION CARRIED

17. Citizens Comments

D Dander commented on Chatham Health District regarding the change in ordinance and the absence of notification to the public. Also asked the Board to consider a potential plan b if East Hampton pulls out of the Chatham Health District. S Soby clarified that Chatham has 'regulations', and the town has ordinances. S Soby and R Coyle, as Chatham Board members, will look into the language currently used by Chatham.

18. First Selectman's Report

In the process of interviewing for a Zoning Enforcement Officer, received five applications and two will be interviewed. Grand Opening of Petvalue on 4/23 with a ribbon cutting at 9am. Submitted an application for a \$54,000 grant for the Airline Trail, it will be for an 8-mile connector piece. The former Jack Chevy location is under remediation to ensure it is clear of contamination. No commitment of prospects to rent as of yet.

19. Liaison Reports

J Jones reported on the Conservation Commission – on 3/9 they approved the map for Alpha Q for a 49,000 sq. ft. add on and parking lot. Approved a timber harvest on Prospect Hill Rd.

Ethics – a resident attended the last meeting on 4/5 to find out what the commission does. Set the meeting dates for the rest of the 2016 year.

Historic District – Liverant family is donating materials and services to build a replica of the School for Colored Children on the same site that the school is now. At the next meeting they will present the plans and contractors. This will be at no cost to the town. Hayward House sidewalk replacement request for stamped concrete has been rejected. They must use flat stone or cobblestones.

R Coyle reported on Charter Revision – meeting was rescheduled for 4/13 and will elect officers at this meeting.

Chatham Health – received clean audit with recommendations of changes to business operations. Two applications for replacement of Director of Health. Discussed water supply testing and education.

Senior Center subcommittee – passed motion to support purchase of 95 Norwich Ave Senior Center

Building Committee – interviewed Project Managers

S Soby reported on Planning & Zoning – Two public hearings held, continuation of Loomis Rd project with application to request an extension. Alpha Q expansion will take three phases to ramp up matching the business growth. The abutting neighbor verifies the hearing stayed open so the hydrologist could get there within the next 2 weeks, next meeting will address this situation.

Agriculture Commission – chicken and small animals on property language complete. Continue to work on Food Hub concept. Possible winter Farmers Market planned.

D Mizla reported on Charter Revision – the group will meet the 2nd and 4th Wednesday of every month. Youth Services Advisory – Community Conversation 5/4 on binge drinking. Town spring clean-up has been rescheduled to 4/23. Grant SERAC \$2500 received will be used for local prevention. Food pantry in three schools implemented. Kids can get a bag of food to bring home if in need. Food provided by the town food bank.

S Soby informed the Board that the state budget is far from done and nothing is safe from cuts. Discussed tax receipt issue and deficit. Governor will propose second budget, with town aid being held.

20. Adjourn

J Jones moved to adjourn at 8:00 p.m., seconded by R Coyle. Unanimously approved. MOTION CARRIED.

Respectfully submitted,

Tricia Dean, Clerk

Fair Rent Commission-5 Members, 2 Alternates, 2 year terms

<i>Position</i>	<i>Name</i>	<i>Party</i>	<i>Expiration Date</i>
Chair	Christina Maher	U	10/31/2017
Member	Samantha Van Zilen	U	10/31/2017
Member	Steven A. Schuster	R	4/30/2016
Member	Valerie McGriff	R	10/1/2017
Member	VACANT		4/30/2016
Member	VACANT		4/1/2015

Fair Rent Commission



April 4, 2016

Maggie Cosgrove
Chief Financial Officer
Town & Board of Education of Colchester
127 Norwich Avenue
Colchester, CT 06415

Dear Maggie:

As you know, Lockton began our partnership with the Town and BOE of Colchester on July 1, 2012. At that time, we quoted an annual consulting fee of \$58,000 for 3 years and we continued this same fee for the current fiscal year.

Over the last 4 years, we believe that we have developed a very favorable working relationship with Colchester and have demonstrated our value to the Town and BOE on a consistent basis. Currently, we are negotiating your health renewal with Anthem and expect to see significant fixed fee reductions as a result of the marketing we performed on your behalf.

For the coming fiscal year, we are proposing an increase in our annual consulting fee to \$60,000, with an annual 2% increase thereafter. We realize that your budget has already been proposed, but we expect that the aforementioned savings from the Anthem renewal will more than offset what we believe is a minimal fee increase. We think this is a reasonable request given the work we have done for Colchester over the last 4 years.

We would appreciate your support of our fee change to the appropriate parties in Colchester and would be happy to discuss if concerns arise. Please let us know your thoughts on this issue and thank you in advance for your attention to this matter.

Regards,

Timothy R. Hasselman
SVP, Benefit Consultant

CONSULTING SERVICES AGREEMENT
TOWN OF COLCHESTER AND COLCHESTER BOARD
OF EDUCATION
and
NORTHEAST SERIES OF
LOCKTON® COMPANIES, LLC

This Agreement made and entered into effective as of this 1st day of July, 2012, by and between Town of Colchester and the Colchester Board of Education , having offices at 127 Norwich Avenue Colchester, CT (hereinafter referred to as “Clients”), and Northeast Series of Lockton Companies, LLC, having offices at 195 Scott Swamp Rd Farmington, CT (hereinafter referred to as “Lockton”).

Clients wish to procure certain services that can be performed by Lockton; and Lockton can provide and desires to render to Clients such services; and

The parties agree that it would be to their mutual advantage to execute this Agreement and thereby define the terms and conditions that shall control the rendering of services provided to Clients by Lockton.

Now, therefore, in consideration of the foregoing recitals, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

I. Service Period

This Agreement will be in effect from the effective date above on an annual basis and may be renewed for annual periods thereafter upon mutual agreement of Lockton and Clients unless earlier terminated in accordance with the provisions of the Agreement.

II. Service Compensation

- A. All consulting and/or insurance services provided by Lockton as set forth in Addendum A will be performed for commission-based compensation in the amount of \$58,000 payable to Lockton by Clients’ insurance carriers as set forth in

Addendum B. Clients acknowledges that, except as otherwise provided herein, such compensation may include certain incentive compensation including contingency payments, bonuses, overrides and/or prizes and awards which Lockton may be eligible to receive as a result of being Clients' insurance broker, as well as base and/or supplemental commissions or other commission-like payments from insurance companies, other intermediaries or other third parties (collectively, "Additional Compensation").

Notwithstanding the preceding paragraph, Lockton agrees it will not accept the following form(s) of Additional Compensation:

Supplemental commissions

Incentive compensation exclusive of base and supplemental commissions, such as contingency payments, bonuses, overrides and/or prizes and awards, directly attributable to Clients' business

Addendum B, receipt of which is hereby acknowledged, sets forth a disclosure of actual compensation, if any, Lockton may or will receive on account of its services provided to you or on your behalf.

- B. It is further agreed that no portion of any noncash compensation (e.g., meals, entertainment, travel, gifts, etc.) received by Lockton from any insurance company, intermediary, or other third party as a result, in whole or in part, of Lockton's services as Clients' insurance broker shall be offset or credited against the compensation payable to Lockton as set forth above.

III. Services

- A. It is hereby understood and agreed that in consideration of the compensation set forth above, Lockton will provide the consulting services outlined in Addendum A, which is attached to and made part of this Agreement.
- B. It is further agreed that other risk management services may be undertaken that are outside the foregoing scope of services by mutual consent, provided that it is subsequently acknowledged in a written amendment to the Agreement that is signed by both of the parties. Amendments may be made to this Agreement as deemed appropriate by both parties.

- C. When in Lockton's professional judgment it is necessary or appropriate, Lockton may utilize the services of intermediaries or other appropriate outside vendors to assist in the servicing and marketing of Clients' employee benefit programs. However, this may only be done after consultation with and prior approval by Clients. Such intermediaries may or may not be affiliates of Lockton. Lockton will advise Clients whether any such intermediary is an affiliate of Lockton. Any such intermediary shall be compensated by commissions earned on placement of Clients' policies handled by that intermediary which shall be in addition to the compensation paid to Lockton as described herein.

IV. Termination of Services

Clients or Lockton may terminate this Agreement at any time with 30 days' written notice to the other party. Should Clients terminate or designate a broker other than Lockton as its broker of record at any time subsequent to the date of this Agreement, Lockton shall immediately cease providing services under this Agreement and will assist in the transition to a new broker/consultant. Lockton shall also be entitled to receive all commission income payable by Clients' insurance carriers that is earned up to the effective date of termination.

V. Additional Obligations of Clients/Confidentiality

- A. Clients shall provide Lockton with reasonable cooperation and assistance necessary for Lockton to fulfill its responsibilities to Clients pursuant to the terms of this Agreement, including, without limitations, copies of all documents reasonably requested by Lockton and the cooperation of and access to certain of Clients' personnel.
- B. Lockton acknowledges that the nature of its relationship with Clients is one in which Clients shall entrust Lockton as the custodian of certain of Clients' information, some of which may be of a confidential or proprietary nature. Lockton shall undertake all reasonable efforts to maintain the integrity of all of Clients' information, whether or not such information is confidential or proprietary.

VI. General Conditions


- A. Neither party shall assign the rights nor duties herein set forth without the prior written consent of the other party.
- B. The terms and conditions of this Agreement constitute the entire Agreement between the parties with respect to the subject matter hereof. Subject to the provisions of Section III.B., this Agreement shall not be amended except by a written amendment signed by both parties, and no promises, agreement, or representations not herein set forth shall be of any force or effect between them. This Agreement shall serve to terminate and supersede all agreements and undertakings heretofore entered into between the parties on subjects covered by this Agreement.
- C. Lockton shall indemnify, defend, and hold Clients, their directors, officers, employees, agents, and representatives harmless from and against any and all claims, damages, losses, or expenses (including such parties' reasonable attorney, accountant, and expert witness fees and costs) incurred by Clients as the result of (i) a material breach by Lockton of any of its obligations under this Agreement or (ii) any willful or negligent conduct of Lockton in connection with the services provided hereunder.
- D. Clients shall, to the extent permitted by applicable law, indemnify, defend, and hold Lockton, its directors, officers, employees, agents, and representatives harmless from and against any and all claims, damages, losses, or expenses (including such parties' reasonable attorney, accountant, and expert witness fees and costs) incurred by Lockton as the result of (i) a material breach by Clients of any of their obligations under this Agreement or (ii) any willful or negligent conduct of Clients in connection with the services provided hereunder.
- E. The parties agree that the indemnification obligations set forth in Sections VI.C. and D. above, shall survive termination of this Agreement.
- F. Any communication or notice required or which may be given hereunder shall be addressed to Clients and to Lockton at their addresses set forth in the preamble hereof.

G. Lockton agrees that it shall maintain Workers' Compensation and General Liability insurance during the term of this Agreement and provide certificates of insurance evidencing such coverage to the Clients on an annual basis.


H. This Agreement shall be governed for all purposes by the laws of the state of Connecticut.

In witness whereof, the parties hereto have executed the Agreement in duplicate intending each copy to serve as an original as of the day and year first written above.


NORTHEAST SERIES OF LOCKTON COMPANIES, LLC

BY:  DATE: 6/28/12
Timothy R. Hasselman, Vice President - Employee Benefits

Town of Colchester

BY:  DATE: 6/21/12
GREGG SCHUSTER, FIRST SELECTMAN

Colchester Board of Education

BY:  DATE: 6/21/12
Karen Loiselle Goodwin, Supt. of Schools



Addendum A—Consulting Agreement Services

Standard Services	Typical Frequency	Cost
Health and Welfare Program Assessment and Strategic Planning		
❖ Conduct Health and Welfare Program Assessment to establish short- and long-term benefit plan objectives, including benefits offered, plan design, employee/employer cost sharing, role of voluntary benefits, etc.	Annually	No Additional Cost
❖ Review possible future program modifications and financial impact to complement the Clients' objectives	Annually	No Additional Cost
❖ Develop and monitor strategic plan, with emphasis on benefits offered, plan design, total cost, and employee contributions	Annually	No Additional Cost
❖ Analyze relevant normative data to ensure the Clients is within its desired range	Annually	No Additional Cost
Renewal and Marketing		
❖ Coordinate renewal activities with all carriers/administrators	Annually	No Additional Cost
❖ Quantify financial impact of renewal; negotiate variance between renewal and Lockton projections	Annually	No Additional Cost
❖ Prepare and present detailed renewal report, including Lockton recommendations	Annually	No Additional Cost
❖ Prepare and distribute Request for Proposal if marketing is necessary	As needed	No Additional Cost
❖ Direct and coordinate marketing process and carrier data requests	As needed	No Additional Cost
❖ Prepare and present Marketing Report, detailing current and proposed costs, provider networks, service capabilities, plan designs, vendor evaluations, etc.	As needed	No Additional Cost
❖ Prepare and submit Executive Summary of final recommendations, including marginal cost analysis associated with program changes and/or price changes	As needed	No Additional Cost
Claims Experience/Financial Analysis		
❖ Prepare paid claims analysis, detailing paid claims, projected claims, plan enrollment, and large claimants	Monthly	No Additional Cost
❖ Prepare preliminary renewal projection based on claims analysis	Semi-annually	No Additional Cost
❖ Prepare claims management report, detailing claims paid by type of service, diagnostic category, in- vs. out-of-network, brand drug vs. generic drug utilization, etc. (based on carrier reporting capabilities)	Annually	No Additional Cost
❖ Analyze claims history to determine most appropriate method of medical and/or dental financing (e.g. fully insured, self-insured, minimum premium, etc.)	Annually	No Additional Cost
Health Risk Management Services		
❖ Develop wellness/intervention and disease management program to help mitigate future claims with assistance from Lockton's Medical Director and Director of Health Risk Management	As needed	Lockton services are no additional cost; outside services, if needed, provided at Lockton preferred vendor cost



Standard Services		Typical Frequency	Cost
❖	Identify claims trends with Lockton's physician guidance	Annually	No Additional Cost
❖	Interact with carrier or outsourced disease management firm using InfoLock claims analytics tool when available to aggressively pursue identified high-risk claimants	As needed	Lockton services are no additional cost; outside services, if needed, provided at Lockton preferred vendor cost
❖	Monitor Health Risk Management program results to ensure objectives are met; modify as appropriate	As needed	No Additional Cost
Compliance Services			
❖	Access to Lockton's in-house Compliance Department for assistance with:		
➢	ERISA and state insurance law; COBRA and HIPAA; Title VII, FMLA, and USERRA; Tax Code welfare; Tax Code retirement	Daily	No Additional Cost
➢	Legislation affecting benefit program	Daily	No Additional Cost
➢	Document preparation and review	As needed	No Additional Cost
➢	Compliance audits and reporting	As needed	No Additional Cost
❖	Other services include online seminars and workshops, compliance newsletters, and newswatches/alerts delivered via e-mail	Timely	No Additional Cost
❖	Coordinate gathering of Schedule A reports to facilitate preparation of Form 5500	Annually	No Additional Cost
❖	Prepare signature-ready Form 5500	Annually	No Additional Cost
Actuarial Services			
❖	Provide comprehensive actuarial services, including:		
➢	IBNR reserve certification	As needed	No Additional Cost
➢	Actuarial valuation of benefit plan design changes	As needed	No Additional Cost
➢	Stop loss analysis, including	As needed	No Additional Cost
○	Analysis of the difference in risk between various stop loss levels	As needed	No Additional Cost
○	Estimate of expected number and dollar of claims above the specific stop loss deductible	As needed	No Additional Cost
○	Probability that aggregate claims will exceed various levels	As needed	No Additional Cost
○	Comparison of provider network reimbursement levels by network	As needed	No Additional Cost
○	Medicare Part D actuarial attestation	As needed	No Additional Cost
○	Medicare Part D claims submission	As needed	No Additional Cost
○	COBRA rate certification	As needed	No Additional Cost
○	Analysis of funding options (fully insured vs. self-insured)	As needed	No Additional Cost
○	Detailed analysis of claims data to identify problem areas, estimate impact of plan changes, project enrollment for multi-option plans, etc.	As needed	No Additional Cost
○	Multi-option plan modeling, including cost projections, employee contribution strategies, and enrollment migration estimates	As needed	No Additional Cost
Human Resources Consulting Services			



Standard Services	Typical Frequency	Cost
❖ Access to Lockton's HR Consultant for assistance with the following:		
- Benefits and compensation	As needed	No Additional Cost
- Compliance and employment law	As needed	No Additional Cost
- HR management	As needed	No Additional Cost
- HR technology	As needed	No Additional Cost
- Mergers and acquisition integration	As needed	No Additional Cost
- Organization change management and development	As needed	No Additional Cost
- Outsourcing	As needed	No Additional Cost
- Performance management	As needed	No Additional Cost
- Policies, standard operating procedures, and handbook development	As needed	No Additional Cost
- Recruitment and retention	As needed	No Additional Cost
- Training and development	As needed	No Additional Cost
Employee Communication and Implementation Activities		
❖ Develop basic written and visual employee communication materials (i.e., overview, overheads, bulletins, etc.)	Annually	No Additional Cost
❖ Coordinate and participate in annual enrollment process	Annually	No Additional Cost
❖ Manage carrier participation in annual enrollment process	Annually	No Additional Cost
❖ Develop periodic benefit-related company newsletter articles	As needed	No Additional Cost
❖ Coordinate preparation of annual benefit statements	As needed	Printing - Additional cost
❖ Develop and administer online employee survey	As needed	No Additional cost
Routine Service		
❖ Provide daily assistance in resolving carrier service issues (i.e., claims, billing, etc.)	Daily	No Additional Cost
❖ Unlimited availability to assist with various human resource issues, including benefit- and legal-related concerns	Daily	No Additional Cost
❖ Coordinate and attend service meetings with the Clients, Lockton, and select carrier representatives	Quarterly	No Additional Cost
❖ Coordinate research on benefit-related legal issues with Compliance team	As needed	No Additional Cost
❖ Review plan documents, summary plan descriptions, contracts, and other benefit-related documents	As needed	No Additional Cost
Optional Services		
❖ Develop customized employee communication materials	As needed	Printing - Additional cost
❖ Implement Web-based benefit communication system/enrollment system	Annually	Additional cost—TBD
❖ Prepare annual benefit statements	Annually	Printing - Additional cost



LOCKTON

Optional Services Continued Technology & Outsourcing Services		
❖ Provide situational analysis of current HR, Payroll, Benefits, and/or Time technology and processes and review of current contract(s)	As needed	Additional cost—TBD
❖ Facilitate vendor selection process for HR, Payroll, Benefits, and/or Time technology and services	As needed	Additional cost—TBD
❖ Provide implementation oversight to HR, Payroll, Benefits, and/or Time technology implementation projects	As needed	Additional cost—TBD
❖ Provide ongoing governance of HR, Payroll, Benefits, and/or Time technology contracts/service level agreements	As needed	Additional cost—TBD

ADDENDUM B

COMPENSATION DISCLOSURE STATEMENT

Thank you for giving Lockton Companies, LLC, the opportunity to provide insurance brokerage and/or consulting services to you on behalf of your employee benefit plans. The purpose of this Compensation Disclosure Statement is to explain the circumstances under which Lockton may receive compensation from insurance companies and other entities for the services we provide on your behalf, and the method by which the amount of that compensation is determined.

As your broker and/or consultant, Lockton may assist you with (i) the placement of one or more insurance contracts offered by employee benefits insurers and/or (ii) services related to one or more self-funded plans administered in whole or in part by an insurance company or other entity, such as a third-party administrator ("TPA").

Upon placement of a policy with an insurance company, Lockton typically receives compensation from that insurer. This compensation may differ in form and amount depending on the product and the insurer. In cases where Lockton facilitates the placement of an administrative services contract with an insurance company or TPA, Lockton might receive commission-like payments from that carrier or TPA.

There are generally three types of commission or commission-like payments made by insurance carriers and TPAs to employee benefit brokers and consultants:

1. **Base Commissions**—Typically, the commission is equal to a percentage of the policy premiums paid by the contract holder. The rate and amount of commission may vary based on the specific circumstances of an individual policy placement.
2. **Additional Compensation**—Supplemental commissions and/or other incentive compensation based upon factors such as premium volume placed with a particular insurer and the profitability of all the business placed with that insurer on a national basis. Additional compensation is not considered part of the base commissions, and typically is not based upon or contingent on the sale of any particular policy to a particular insured, and does not affect the premium you pay. Some carriers may take into account administrative-services-only contracts placed with the carrier by the broker or consultant on a client's behalf when calculating additional compensation.
3. **Administrative Service Fees**—Insurance companies and TPAs may pay a commission-like fee for services rendered to arrange for the insurance company or TPA to administer a client's self-insured benefit program.

Attached you will find a summary of the compensation we believe Lockton is or may be entitled to receive from the insurance companies and/or other entities listed in the attachment. The compensation summary in the attachment is attributable to the insurance or administrative service contracts placed with those insurers or other entities on your behalf. Lockton will update this Compensation Disclosure Statement as the information in the attachment changes (i.e., as contracts are placed or renewed, or there are material changes to the terms and conditions of Lockton's compensation from insurance carriers and other entities providing insurance and/or administrative services to you).

Please note that insurance companies are required to disclose to most clients the base and supplemental commissions and other incentive compensation they pay to the clients' brokers and consultants. They are also required to disclose the value of certain gratuities and gifts (business lunches, tickets to sporting events, etc.) supplied to Lockton Producers and Associates if those items are supplied directly or indirectly in relation to your insurance contract. These amounts are to be reflected as part of the carriers' Form 5500 Schedule A disclosures supplied to you. Because carriers might employ different methods for tracking, tabulating, and allocating these various items, the amounts reflected on your Schedule A information might vary somewhat from the amounts reflected in our attached summary of anticipated compensation.

Please feel free to contact us if you have any questions regarding this Compensation Disclosure Statement.

Compensation Disclosure—Attachment Sheet 1 of 1 Sheet(s)

Subject to the terms of the Consulting Services Agreement, Lockton believes it is or may be entitled to receive the compensation listed below, from the insurance companies and/or other entities listed below, attributable to the insurance and/or administrative service contracts placed with those insurers and/or other entities on your behalf *(attach additional sheets as necessary)*:

If all or some of the information requested here is supplied in a separate attachment (e.g., a commission payment summary generated through BenefitPoint), **check the box** and staple the attachment to this sheet.

Insurer or TPA: Anthem of CT
Policy or Benefit Type: AD&D BTA Dental Grp Trm Life Grp Univ Life LTC LTD Medical
 STD Vision Other: _____
Policy/Contract Year: 7/1/12 - 6/30/13; If multiyear check here → and add effective date and term: 3 year period
Base Commissions: _____% of premiums paid (check here → if this is an estimate) *or* commission scale:
\$58,000 annually

Additional Compensation: This insurer/TPA does does not have a supplemental and/or other incentive compensation program in place that might apply to the placement of your policy(ies) or administrative services-only contract(s). If the insurer/TPA has a supplemental or other incentive compensation program in place, Lockton agrees not to accept, to the extent provided in the Consulting Services Agreement, such additional compensation attributable to your business.

Administrative Fees: \$ _____ per _____ (check here → if this is an estimate)

If all or some of the information requested here is supplied in a separate attachment (e.g., a commission payment summary generated through BenefitPoint), **check the box** and staple the attachment to this sheet.

Insurer or TPA: All other health & welfare insurers
Policy or Benefit Type: AD&D BTA Dental Grp Trm Life Grp Univ Life LTC LTD Medical
 STD Vision Other: _____
Policy/Contract Year: _____; If multiyear check here → and add effective date and term: _____
Base Commissions: _____% of premiums paid (check here → if this is an estimate) *or* commission scale:
Net of commission

Additional Compensation: This insurer/TPA does does not have a supplemental and/or other incentive compensation program in place that might apply to the placement of your policy(ies) or administrative services-only contract(s). If the insurer/TPA has a supplemental or other incentive compensation program in place, Lockton agrees not to accept, to the extent provided in the Consulting Services Agreement, such additional compensation attributable to your business.

Administrative Fees: \$ _____ per _____ (check here → if this is an estimate)

If all or some of the information requested here is supplied in a separate attachment (e.g., a commission payment summary generated through BenefitPoint), **check the box** and staple the attachment to this sheet.

Insurer or TPA: _____
Policy or Benefit Type: AD&D BTA Dental Grp Trm Life Grp Univ Life LTC LTD Medical
 STD Vision Other: _____
Policy/Contract Year: _____; If multiyear check here → and add effective date and term: _____
Base Commissions: _____% of premiums paid (check here → if this is an estimate) *or* commission scale:

Additional Compensation: This insurer/TPA does does not have a supplemental and/or other incentive compensation program in place that might apply to the placement of your policy(ies) or administrative services-only contract(s). If the insurer/TPA has a supplemental or other incentive compensation program in place, Lockton agrees not to accept, to the extent provided in the Consulting Services Agreement, such additional compensation attributable to your business.

Administrative Fees: \$ _____ per _____ (check here → if this is an estimate)

Compensation Policy for Non-union Employees (N-U) and Elected Officials (EO)

In an effort to ensure that compensation for non-union employees and elected officials remains relevant over time, commencing with the Fiscal Year beginning July 1, 2015 the Town will include in the proposed budget an annual salary/wage increase for non-union and elected officials equal to the average increase computed from all contracts in effect at the time.

An increase will not be included in the current budget for any position that has negotiated their salary within the last two fiscal year(s).

Examples of how this policy would be implemented in two different years as follows:

Contract	% Increase	% Increase
A	1.50	1.50
B	2.00	2.00
C	1.50	*
D	1.25	*
E	2.25	2.25
Average N-U, EO	1.70	1.92
Increase	1.75	2.00

* denotes contract expired/in negotiations

The percentages shown above are for explanatory purposes and do not represent actual percentages.

Percentages will be rounded up to the nearest .25%.

Explanation:

This does not tie any subset of the group to a particular contract, which might mean they might not receive an increment due to an expired contract and on-going negotiations. This also avoids the potential vagaries of a merit system not designed, implemented or funded to work as intended.

This policy does not apply to non-union employees of the Board of Education, or employees in positions jointly hired by the Board of Selectmen and Board of Education as set forth in the Town Charter

Approved, Board of Finance, February 18, 2015

Approved, Board of Selectmen, February 19, 2015

Rev: 4/15/2016; Rev: 2/18/15; Rev: 2/2/15; Originated: 1-13-15