

RESOLUTION

WHEREAS, the Board of Light, Gas and Water Commissioners in their meeting of August 18, 2011, awarded Contract No. 11472, Healthcare Administration, to CIGNA Corporation, in the estimated funded amount of \$122,100,710.36, and is now recommending to the Council of the City of Memphis that it approve said award as proposed in the MLGW 2012 fiscal year budget and subsequent budget years; and

WHEREAS, to provide medical administrative and network services which will include payments of medical claims for MLGW employees and retirees; and

WHEREAS, MLGW and the City of Memphis issued a joint Request For Proposals for medical administrative and network services on December 14, 2010. Proposals were solicited and advertised; MLGW and the City of Memphis received five (5) proposals on January 14, 2011, with the most responsive proposal being from CIGNA Corporation. The Division will pay 75% of the employee's annual premiums in the estimated funded amount of \$91,575,532.77 and the MLGW employees will be responsible for 25% of the annual premiums through payroll deduction in the estimated amount of \$30,525,177.59. The projected amount to be funded by MLGW is \$91,575,532.77, the actual payments from January 1, 2012 to December 31, 2015 will be reconciled to the projected amount and the results reported to the Board of Commissioners at the end of each term. The term of this contract is for a 36-month period effective from the date of the Notice to Proceed until December 31, 2015 and two (2) additional one (1) year renewal terms; and

NOW THEREFORE BE IT RESOLVED by the Council of the City of Memphis, that there be and is hereby approved an award of Contract No. 11472, Healthcare Administration, to CIGNA Corporation, in the estimated funded amount of \$122,100,710.36, chargeable to the MLGW fiscal year 2012 budget and subsequent budget years as proposed.

EXCERPT
from
MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
August 18, 2011

The Manager of Procurement and Contracts has recommended to the Board of Light, Gas and Water Commissioners that it award Contract No. 11472, Healthcare Administration, to CIGNA Corporation, in the estimated funded amount of \$122,100,710.36.

The project scope is to provide medical administrative and network services which will include payments of medical claims for MLGW employees and retirees.

MLGW and the City of Memphis issued a joint Request For Proposals for medical administrative and network services on December 14, 2010. Proposals were solicited and advertised; MLGW and the City of Memphis received five (5) proposals on January 14, 2011, with the most responsive proposal being from CIGNA Corporation. The Division will pay 75% of the employee's annual premiums in the estimated funded amount of \$91,575,532.77 and the MLGW employees will be responsible for 25% of the annual premiums through payroll deduction in the estimated amount of \$30,525,177.59. The projected amount to be funded by MLGW is \$91,575,532.77, the actual payments from January 1, 2012 to December 31, 2015 will be reconciled to the projected amount and the results reported to the Board of Commissioners at the end of each term. The term of this contract is for a 36-month period effective from the date of the Notice to Proceed until December 31, 2015 and two (2) additional one (1) year renewal terms.

The 2012 budgeted amount for Medical Self Funded for Employees and Retirees is \$50,827,032.00; of which \$37,708,989.00 will be spent on this contract in 2012 as proposed; and the remaining balance of \$84,391,721.36 will be spent in subsequent budget years.

NOW THEREFORE BE IT RESOLVED BY the Board of Light, Gas and Water Commissioners:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award Contract No. 11472, Healthcare Administration to CIGNA Corporation, in the estimated funded amount of \$122,100,710.36, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the Award.

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a ~~regular~~ - special meeting held on 18th day of August, 2011, at which a quorum was present.


Acting Secretary-Treasurer