

RESOLUTION NO. 17-29

Exercising an Option Year for the Medical, Dental, and Prescription Drug Benefit Plans for Employees and Retirees

WHEREAS, The Airports Authority competitively bid the Medical, Dental, and Prescription Drug Plans for active employees and retirees in 2014;

WHEREAS, Contracts were awarded, effective January 1, 2015, for a three-year base term, with additional option years exercisable at the Airports Authority's discretion;

WHEREAS, These contracts are with UnitedHealthcare and Kaiser Permanente for the provision of Group Medical insurance plans, with CVS Caremark for the provision of a Prescription Drug coverage plan, and with Metropolitan Life Insurance Company for the provision of Dental insurance plans for Airports Authority employees and retirees (collectively, Contracts);

WHEREAS, Providers in the healthcare marketplace do not generally provide a fixed price for healthcare contracts beyond the contracts' initial base period;

WHEREAS, Consistent with this industry practice, the Contracts that were awarded effective January 1, 2015, do not contain a fixed, or any other, price for its option years;

WHEREAS, The exercise of a contract's unpriced option years are viewed as sole-source procurement actions under the Airports Authority's Contracting Manual and require Board of Directors' approval if the cost of exercising the option exceeds \$200,000; and

WHEREAS, The Airports Authority's estimated cost of exercising a one-year option under all of the Contracts is \$26.4 million, thereby requiring Board approval of extending the Contracts for an additional year; now, therefore, be it



RESOLVED, That the President and Chief Executive Officer is authorized to execute a one-year extension for each of the Contracts, effective January 1, 2018, consistent with the terms and conditions presented to the Human Resources Committee at its October 2017 meeting.

RECORDED VOTE:

Members Present	<u>14</u>
Members in Favor	<u>14</u>
Members Against	<u>0</u>
Members Abstaining	<u>0</u>

Adopted October 18, 2017



Monica R. Hargrove, Secretary