



Flexible Spending Account Administrative Services Proposal

City of Forney

FloreSelect

Flores Sales Contact: Cindy Bistany

Phone: 828-693-3595

Email: cindy@flores-associates.com

Proposal prepared on 7/31/19

Proposal is valid until 12/31/19

Service starts on January 1, 2020



Contents

About Flores	3
One Solution for All Tax Advantaged Accounts	4
Proposal Summary	5
Employer Experience	6
Pay Cycle Reduction Reporting Process	7
Plan Administration and Eligibility Updates	8
Employer Portal	8
Employee Experience	9
Employee Portal and e-Receipt Mobile App.....	10
Professional Fees	11
Addendum A: Medical Reimbursement and Dependent Care Administration Agreement	1

Next Steps

Once you decide to select Flores and our “Simply Better Service” model, please follow the steps below to initiate implementation for your Flores FSA.

1. An authorized representative of the employer must sign page 11 of this proposal and page 5 of Addendum A: Medical Reimbursement and Dependent Care Administration Agreement.
2. Return a copy of the signed proposal and agreements to Flores.

If you are a new Flores client, we will introduce you to your dedicated Account Manager who will setup your FSA and be your partner for your FSA administration moving forward.

For current Flores clients, you will continue to work with the same dedicated Account Manager who works with you to administer your other Flores services.

About Flores

Flores & Associates, LLC was founded in 1986 to provide Human Resources consulting services such as compensation, benefits, and selection to a broad cross section of small to mid-sized companies throughout the Southeast. We have evolved over the last thirty years from our Human Resources consulting roots into a national leader in the field of Benefit Administration.

Driven by our mission to achieve customer satisfaction and improve our core competencies, Flores has been uniquely transformed from a generalist organization into a specialty services firm focused on Employee Reimbursement Accounts and COBRA administration. We exceed our clients' expectations by combining dedicated Account Managers and proactive communication with innovative technology.

Flores has developed a proprietary administration platform and online portals to deliver the best possible service experience for Employee Reimbursement Accounts and COBRA administration. Our proprietary technology and systems allow Flores to continuously improve our services in anticipation of changing client and market needs.

Our bottom line is complete client satisfaction and our 99% client retention rate is confirmation that we are on the right path. Today, we have developed a national client base that numbers over 1,500 companies headquartered in over 33 states serving employees in all 50 states and several foreign countries.

What We Do



One Solution for All Tax Advantaged Accounts

Plan Design and Compliance Support

Flores will work with you to design a total tax advantaged plan to compliment your overall benefits strategy and meet the needs of both your company and your employees. Flores will assure compliance in properly setting up plan documents for the plans involved. Working with Flores as your only provider for all tax advantaged accounts helps to ensure employer and employee compliance.

Employers have one online portal to access information and send funding to a single source, Flores. Questions from your Human Resources team regarding enrollment and funding are answered by the same Flores dedicated Account Manager.

FSA: Medical expenses are capped at \$2,700 per year, per employee and Dependent Care expenses are capped at \$5,000 per family. Limited purpose and Dependent Care FSAs are HSA compatible and can help to maximize total tax savings.

HSA: For 2019, contributions for an individual with self-only HDHP coverage are capped at \$3,500 under Section 223 (b)(2)(A). Contributions for an individual with HDHP family coverage are capped at \$7,000 under Section 223 (b)(2)(B).

HRA: Employer-only contributions can be made tax free and are only limited by employer plan design. Employers can retain any unused HRA funds. HRAs offer employers the most flexibility from a design perspective. We can also work with you to design a dental/vision only HRA or post deductible HRA that are HSA compatible.



Realize Full Carrier Independence

Flores provides a seamless experience with our ability to stack multiple pre-tax plans on one debit card and via one employer and employee portal experience. Participants moving between health plan options will already know and trust Flores, which helps them to feel more comfortable when health plan transitions occur.

In future years, our clients are free to change health insurance carriers and change payroll companies without needing to make painful changes to their FSA, HSA, and HRA administration.

Proposal Summary

Objective: To implement and maintain a tax savings Section 125 Flexible Spending Account Plan with:



Simply Better Service

- Dedicated Account Manager - You will enjoy a relationship with the same person for implementation AND continuous administration
- Flores Team Structure - Your Account Manager will receive support from their team who is trained on the details of your specific plan so you can depend upon accurate, prompt, and reliable service in the event your dedicated Account Manager is out of the office
- Toll-free technical support for clients and customer service line to directly access Account Manager, without the hassle of a phone tree
- Client Administrator web conference tutorial for administrative web portal users



Turnkey Implementation

- Proper plan set-up and coordination with other pre-tax plans
- A detailed checklist that will allow your dedicated Account Manager to guide you through a quick implementation
- Section 125 Flexible Spending Plan & SPD with on-going compliance



Innovative Technology provides Easy Benefit Access

- Intuitive online and mobile experience, pro-active communication, and accessible customer support for administrators and participants
- Automate eligibility updates with Employee Navigator integration
- Easy reimbursement options via debit card, check, or direct deposit
- Pro-active e-Status communications reduce participant questions
- Enroll and maintain participant accounts while processing account funding with proven accounting integrity



Comprehensive Reporting

- Automated distribution of payroll reporting on payroll schedule and balance reporting on claims funding schedule
- Online reports available 24/7 in Employer Portal
- End of year recap which includes your flexible benefit financial information to complete your IRS 5500 form (if applicable)
- Annual Section 125 non-discrimination testing



Benefit Education and Enrollment

- Videos, webinars, and benefit materials for employee education



Gain peace of mind for Flores' financial and operational controls from our annual Service Organization Controls 1 (SOC 1) report.

Employer Experience



Dedicated Account Manager

Being customer-focused means you will not reach a phone-tree when you call Flores. Our customer service philosophy is to make each position at Flores & Associates accountable to the client. The vertical integration of duties permits us to provide each client with their own dedicated account manager who is highly invested in the various account processes as well as developing a lasting relationship.

Silent Systems with Pro-Active Support

We provide silent systems with proactive support to make Human Resources and Finance's job easier. We blend technology together with our people to create "high-tech and high-touch" results that leave clients and participants feeling well served by our team.

Quality Assurance

The quality Flores delivers is described as efficient, accurate, thorough, helpful, refreshing, and professional. We allow the firm to grow based on continuously reviewing our ability to maintain a high degree of quality for existing clients, participants, and our employees.

Plan Design and Setup

Flores will provide a turnkey implementation experience. We gather the necessary data from your Company and setup the plan according to the parameters established during implementation. Flores provides the employer with the necessary enrollment forms, as well as status change forms. Employers are responsible for making these forms available to their employees. All enrollment forms are then collected and loaded into the Flores system. Flores then provides the Company with a roster based on the enrollment data received for verification. Once initial enrollment data is verified, the client may use the provided listing to populate the Company's payroll system.

Pay Cycle Reduction Reporting Process

Employers are responsible for notifying their payroll department of any necessary deductions. Funding will occur on Company payroll dates. The plan funding method will be discussed and agreed upon during the FSA setup process. Flores may debit from the bank account provided by the Company for the aggregate medical spending and dependent care withholdings each pay period, or if preferred, the client may initiate a debit via the Flores administrator website. Flores will deposit these funds into a flex reimbursement account to reimburse employee claims.



- Flores will send a reduction list to client two days prior to each pay date for review.
- Client will verify and approve the contribution amounts included in the reduction list. If there are any discrepancies, the client will notify Flores of any changes that need to be made prior to 9am EST on the pay date.
- Flores may automatically debit from the client provided bank account on the pay date, or if preferred, the client may agree to initiate the debit to fund contributions via the Flores administrator site on the pay date.
- Flores will send a debit confirmation directly to the client once funds have been posted.
- Additional debits may be necessary during the plan year to ensure the overall company account has a positive balance.

Reconciliation of Accounts

- Dedicated Account Manager will send weekly balance reports and negative balance notices. Annual allocation audit reports are available online at any time to ensure account is maintained (recommended review quarterly). The client’s review and attention is necessary for each report.

Plan Administration and Eligibility Updates

Flores is pleased to offer Employee Navigator integration and can accept FSA eligibility updates from Employee Navigator for Select clients.



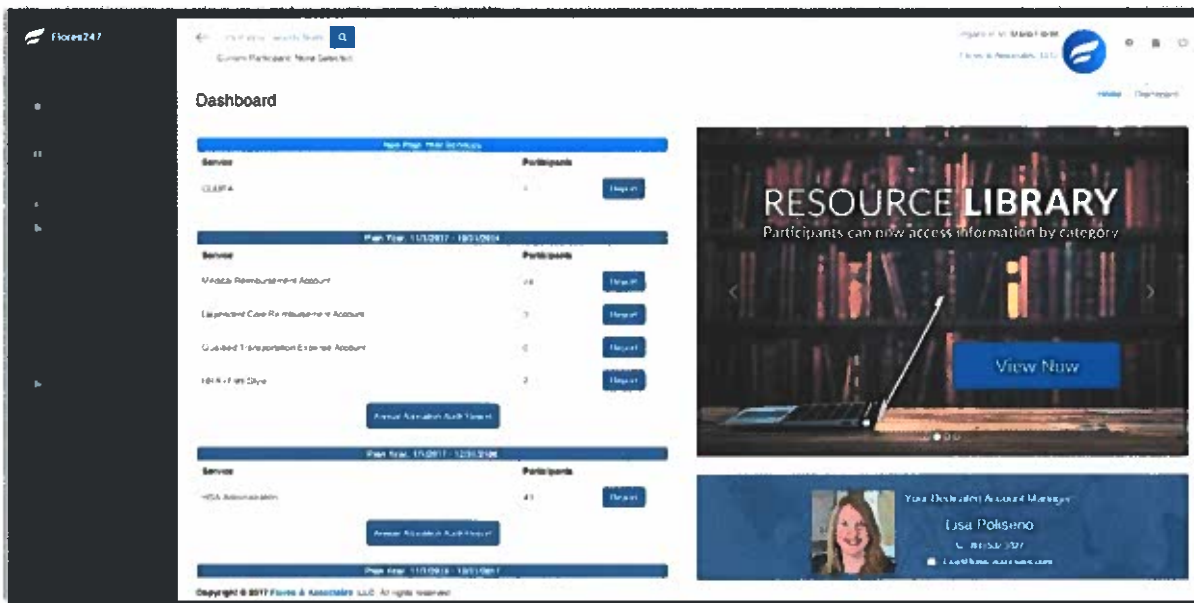
Employer Portal

The Flores247 Employer Portal at www.flores247.com serves as a complete information center for FSA, HSA, HRA, QTE, and COBRA administration with one login.

Our intuitive interface makes it easy to access real-time reports, download required documents, and process necessary eligibility and other participant account changes.

Features include:

- Real time interface for report generation from the internal Flores system
- View transactions including deposits, covering amounts, and reassignments to the Company plan
- Ability to process status changes, new hire enrollment, terminations and view participant account details on a real time basis
- Access to view and download copies of Plan documents and SPD
- Ability to update corporate contact information and manage access for multiple administrator contacts



The Flores FSA Administration Guide gives step by step instructions for using the administrator website, outlining the proper steps for managing your FSA, and maximizing the value of the reporting tools. This guide is available for your reference in the Documents section of the administrator site.

Employee Experience

Flores makes it easy for participants to access and manage their FSA benefit. By combining dedicated Account Managers with intuitive online and e-Receipt mobile experience, participants are able to submit claims with ease, receive reimbursements in a timely manner, and stay informed throughout the plan year.



Dedicated Account Manager

Participants will come to know their Flores Account Manager ensuring a personal service experience. The Flores Account Manager's name and contact information are visible in the Flores247 participant portal.



Simple Claims Process

Claims accepted via US mail, fax, or secure upload via our e-Receipt Mobile App and Flores247 participant portal.



Timely Reimbursements

Guaranteed daily claim processing with reimbursements issued daily (DCRA) or weekly (MRA). Direct Deposit of reimbursement or checks mailed directly to participants' home address.



Debit Card

Debit card provided to all enrolled participants for Medical Flexible Spending Accounts with plan year balance preloaded. Debit card documentation may be required.



24/7 Access

24/7 access to account information including pending claim status through the Flores e-Receipt Mobile App, Flores247 participant portal, and the after-hours Interactive Voice Response System.



e-Status Updates

Flores e-Status updates will keep your participants informed throughout the claims process. Reminders sent via email regarding the claims filing deadline and remaining balances.

Employee Portal and e-Receipt Mobile App

The Flores247 employee portal and e-Receipt mobile app encourage self-service. Our intuitive online experience will enable your employees to easily access their account information, request reimbursement, and submit documentation from their computer and mobile devices.



Online and Mobile Access for Employees

- ✓ View real-time account balances
- ✓ View reimbursement history and statements
- ✓ Securely upload claims and receipts
- ✓ Order additional debit cards as needed for self, spouse, or dependents
- ✓ Sign up for Direct Deposit
- ✓ Sign up for email and text alerts
- ✓ Access benefit forms and resources

Professional Fees

Professional fees are guaranteed for a five (5) year period upon acceptance of this proposal.



Flores will render a billing for the first month's administration once the plan has been implemented for the plan year. Subsequent monthly administration fees will be billed at the beginning of each month.

Implementation Fee (One-Time, \$750.00)	Waived
------------------------------------------------	---------------

Annual Renewal Fee (\$250)	Waived
-----------------------------------	---------------

Administrative Fee (Per Participant per Month)	\$4.50
-------------------------------------------------------	---------------

- *Participant may have one or both accounts (MRA/Limited FSA and/or DCRA)*
- *If employer uses Employee Navigator to send Flores eligibility updates for the FSA, this fee increases by \$0.25.*

Debit Card provided to all enrolled participants	Included
---------------------------------------------------------	-----------------

- *5% of the annual Medical FSA election amounts will be required for pre-funding*

Monthly Minimum Billing Requirement	\$75.00
--------------------------------------------	----------------

Sign here to accept fees: _____

Addendum A: Medical Reimbursement and Dependent Care Administration Agreement

THIS MEDICAL REIMBURSEMENT and DEPENDENT CARE ADMINISTRATION AGREEMENT

(the "Agreement") is made and entered into this _____ day of _____, 20____ by and between FLORES & ASSOCIATES, LLC ("Flores") and City of Forney (the "Company").

STATEMENT OF PURPOSE

The Company wants to establish a medical reimbursement plan for its employees under Section 105(b) of the Internal Revenue Code and the Company wants to establish a dependent care assistance plan for its employees under Section 129 of the Internal Revenue Code. Flores is in the business of helping establish employee benefit plans and serving as sole and exclusive claims administrator for such plans. Flores has agreed to provide the Company with materials necessary to establish a Medical Reimbursement and Dependent Care Assistance Plan (the "Plan"). Flores has also agreed to help the company install the Plan and to serve as claims administrator for the Plan.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties to this Agreement agree to the following:

1. Plan Implementation Services. Flores will provide the Company with the following forms to implement the Plan:
 - (a) Plan Documents;
 - (b) Resolutions for Plan Adoption;
 - (c) Summary Plan Description;
 - (d) Notice to Employees Announcing Plan;
 - (e) Enrollment Forms;
 - (f) Election/Salary Reduction Agreement; and
 - (g) Other Administrative Forms.

The Plan Document, Resolutions, and Summary Plan Description are prototype documents and are intended to be reviewed by and completed/edited with the help of the attorney for the Company. The Company shall be responsible for enrolling employees on the Participant Enrollment Forms and having the Election/Salary Reduction Agreements completed. The Company shall furnish copies of such forms and agreements to Flores.

2. Claims Administration Services. Flores shall act as claims administrator for the Plan. As such, it shall process and pay reimbursement claims to Plan participants. It shall maintain the necessary records and accounts to operate the Plan. Flores shall prepare and deliver to the Company all reports and returns which are required for the Company to properly report to governmental agencies regarding the Plan.

In its role as claims administrator, Flores shall process claims within a framework of policies, rules and interpretations of appropriate governmental agencies for reimbursement of applicable expenses, and within the framework of the Plan documentation as reviewed and approved by the Company. To the extent any claims payment issue is not addressed by an appropriate governmental agency or by Plan documentation, or is unclear, the claims administrator shall act in accordance with instruction of the Company.

3. **Company Account.** To facilitate claims administration, Flores maintains a master checking account. Within this account it shall maintain a sub-account for the Company (the "Company Account") for all transmittals of Company monies and for reimbursements to participants. The Company shall transmit all Company monies to the Company Account on a timely basis and as requested by Flores. Flores shall use such Company transmittals to reimburse participants for claims. Flores shall keep such records as are necessary to reflect transmittals, disbursements, and account balances attributable to each participant. Funds credited to the Flores master checking account and maintained as the Company Account will remain general assets of the Company. At no time during the term of this Agreement will the funds in the Company Account be considered held in trust or be considered plan assets held for the benefit of participants.

4. **Claims.** All claims for Medical Reimbursements shall be submitted by the participants to Flores in accordance with the instructions. Flores shall pay Medical Reimbursement claims in accordance with instructions provided to participants during enrollment. Flores shall not make any Medical Reimbursement claims payment to a participant if the amount of the aggregate Medical Reimbursement claims exceeds the balance credited to the aggregate participant's accounts in the Company Account. In such event, Flores shall immediately notify the Company of the amount by which the Medical Reimbursement claims exceed the aggregate amount credited to the participant's accounts. The Company shall then transmit such amount to Flores for credit to the participant's account so that the Medical Reimbursement claim can be paid.

All claims for Dependent Care Assistance reimbursements shall be submitted by the participants to Flores in accordance with the instructions. Flores shall pay Dependent Care Assistance claims in accordance with instructions provided to participants during enrollment. Flores shall not make any Dependent Care Assistance claims payment to a participant if the amount of the Dependent Care Assistance claim exceeds the balance credited on the participant's balance in the Company Account.

5. **Unclaimed Funds.** Flores maintains an escheats process for all checks. If a check is not deposited within 180 days from when the check was issues, then a letter is mailed to the last known address on record to whom the check was issued. If after 180 days from the date the letter has been mailed, no response has been received by Flores, then Flores will issue a forfeiture check to the company containing a detailed report of the un-deposited funds.

6. **Forfeitures.** If at the end of a Plan Year there is any forfeiture of balances in participants' accounts, the Company shall instruct Flores as to how the forfeited balances are to be applied, provided that such application is in accordance with the Plan's governing instruments. These balances will be returned to the Company at the end of the Claims Run Out period net of any unpaid administration fees. If a forfeiture checks remain uncashed, despite Flores attempts to remit funds back to company through Flores' unclaimed property process, then funds will be used to offset general plan administration expenses.

7. **Plan Administration.** As Plan Administrator, it will be the Company's responsibility to collect data in preferred method, determine employee contribution limits, have participants make payroll deduction elections, transmit election data, Company monies as requested, and deliver reimbursement checks from Flores to the participants (if required).

8. **Fees and Compensation.** The Company agrees to compensate Flores for the setup charges upon installation of the Plan. Fees for annual plan administration will be billed on a monthly basis based on the "Current Balance Report". Upon termination of the Administration Agreement, the Company will be responsible for the administration fees billed for the Claims run-out period. Attached is a copy of the Professional Fees Summary which are included as part of this agreement.

9. **Authority.** The Company represents herein that the Company is the plan administrator for the Plan and is as such duly authorized to act for the Plan and to engage agents in this capacity to assist in the performance of administrative duties. Flores will not become a fiduciary or a party to the Plan by this Agreement, and will assume only those responsibilities described in this Agreement. The Company understands that Flores does not contract to provide tax or legal advice, and that any responsibility for the preparation, adequacy or validity of any legal documents affecting this Plan will be vested in the attorney retained by the Company or the Plan.

10. **Information from Company.** The Company understands that all services, reports and forms prepared according to the terms of this Agreement will be based on information provided by the Company, and that Flores will incur no responsibility for the performance of such services until and unless such information as it requests is provided. Flores will be entitled to rely fully on the accuracy and completeness of information submitted by the Company, and will have no duty or responsibility to verify such information. The Company remains responsible for verifying all information contained on reporting and disclosure forms prepared by Flores for supplying any data unavailable to Flores but necessary to fully complete those forms, for obtaining any required signatures and for submitting those forms in a timely fashion to the appropriate governmental agency directly.

11. **Flores Not a Party to Plan.** No provision of this Agreement shall be deemed to make Flores or any entity affiliated with Flores a party to the Plan or a fiduciary of the Plan. The Company agrees to indemnify and hold Flores harmless from and against any and all liability or liabilities, claims, penalties, damages or costs, including attorneys' fees, which Flores may incur arising out of any exercise of discretionary authority by the Company under the Plan, the failure of the Company to furnish Flores with timely, accurate and complete information, failure of Company to transmit monies required pursuant to paragraph 3 of this Agreement and/or the failure to perform any other obligation of Company contemplated by this Agreement.

12. **Contract Terms.** This Agreement shall be effective for the Plan Year beginning January 1, 2020, shall continue in effect for five (5) full plan years, and shall automatically renew for successive one (1) year period, unless terminated by either party as set forth below.

13. **Termination.** Termination of the service is allowable by either parties if provided in writing to the respective party 60 days before the renewal of the plan year.

a) **Termination for Convenience** If the termination is simply for convenience during the middle of the plan year or written notice to terminate was not received 60 days prior to the renewal of the plan year, then Flores reserves the right to bill the client for remainder of the respective plan year at the current rate.

b) **Termination for Bankruptcy, Insolvency, or Business Wind Down.** Either party may terminate a Service immediately if either party (i) voluntarily files for bankruptcy; (ii) declares insolvency; (iii) takes action to commence winding down its business; or (iv) is named as a defendant in any involuntary bankruptcy or insolvency proceeding.

c) **Termination Due to Legislative and/or Regulatory Changes.** Either party shall have the right to terminate a Service if a material change to such Service is required as a result of a legislative and/or regulatory change. Upon receipt of written notice of such change, the parties shall meet and confer in good faith. If the parties do not reach agreement on any such modification of the Service, then either party shall have the right to terminate the Service thereafter upon sixty (60) days' prior written notice to the other party.

d) **Effect of Termination.** You shall be responsible to pay all amounts due and owed upon termination.

14. **Privacy/PHI:** Flores acknowledges that it may from time to time it might receive or otherwise have access to certain personally identifying information, including protected health information, of the Company's employees. Flores agrees to take appropriate steps to secure this data in a way that will prevent unauthorized disclosure of such data.

15. **Governing Law.** The parties agree that this Agreement shall be made and entered in the State of North Carolina and the validity, performance, interpretation and effect of this Agreement shall be governed by the laws of the State of North Carolina, regardless of what jurisdiction may be involved with said Agreement.


16. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of each of the parties hereto, their heirs, successors and assigns.

17. **Entire Agreement.** This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of its terms. No course of prior dealings between the parties and no usage of trade shall be relevant or admissible to supplement, explain, or vary any of the terms of this Agreement. No other representations, understandings, or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth herein. This Agreement can only be modified in writing and signed by the parties or their duly authorized agents.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

FLORES:
FLORES & ASSOCIATES, LLC

COMPANY:
City of Forney

By:  (SEAL)

By: _____ (SEAL)