

## **ADMINISTRATIVE SERVICES AGREEMENT**

(For Sec 125 Cafeteria plan with Premium Conversion, and Health & Day Care Flexible Spending Accounts)

This Administrative Services Agreement (“**Agreement**”) between Flex-Plan Services, Inc. (“**Flex-Plan**”) and Seattle School District (“**Company**”), effective January 1, 2003 specifies the services to be provided by Flex-Plan to Company and its eligible employees (“**Participants**”) in the ongoing administration of the Company’s Benefit Plan (the “**Plan**”) under I.R.C. Section 125 and the specified responsibilities of the Company.

The Company shall be the Plan Administrator and Sponsor, and Flex-Plan shall be the administrative firm which shall be engaged as an independent contractor in the performance of administrative services for the Plan.

NOW, THEREFORE, for good and valuable consideration, the parties agree that Flex-Plan will perform the following Services on behalf of Company pursuant to the terms of this Agreement, and the Company shall perform its responsibilities and make payments as described herein:

### **1. RESPONSIBILITIES OF FLEX-PLAN.**

#### **1.1 PLAN DESIGN AND IMPLEMENTATION.** Flex-Plan shall:

- 1.1.1 Determine Plan provisions, contributions, options, specifications, subject to the direction and approval of Company;
- 1.1.2 Prepare the Standard Plan Document and the Standard Summary Plan Description, to be submitted to the Company for customization or revision, which customization or revision shall be subject to the approval of Flex-Plan;
- 1.1.3 Determine processing and administration specifications.

#### **1.2 OPEN ENROLLMENT AND COMMUNICATION.** Flex-Plan shall:

- 1.2.1 Design, prepare and deliver to Company informational enrollment packets (Electronic version available as well as hard copy).
- 1.2.2 Provide and maintain on-line claim forms to Company or Participants.
- 1.2.3 Maintain operational toll-free telephone customer assistance (1-800-669-FLEX) for Participant and Company use, weekdays, 8 a.m. to 5 p.m. Pacific Time, excluding holidays.
- 1.2.4 Maintain operational web site information, for the benefit of Company and Participants, at: [www.flex-plan.com](http://www.flex-plan.com).
- 1.2.5 Provide and maintain operational electronic format for enrollment data transfer to Company.
- 1.2.6 Provide on-site enrollment meetings and benefit fairs, as reasonably requested by Company, pursuant to Flex-Plan’s then-effective price schedule.

#### **1.3 PLAN PROCESSING AND ADMINISTRATION.** Flex-Plan shall:

- 1.3.1 Provide for distribution of reimbursement checks, and if requested by the Company to be distributed, account statements, according to applicable laws, rules and regulations. Such checks will be issued within two business days after the later of: (1) the scheduled processing date; or (2) the date that Flex-Plan receives back the contribution sheet from the Company;
- 1.3.2 Provide employer monthly reports to Company, including:

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1.3.2.1. Contribution Eligibility Worksheet transmittal, which is delivered to the Company, subject to the timely return of the Employee Contribution Worksheet, and final version reconciled by the Company and returned to Flex-Plan;

1.3.2.2. Year to date Participant, and aggregate, account balances;

1.3.2.3. Disbursement register itemizing all reimbursements for each processing date;

1.3.3 Provide annual forfeiture report, for Participant funds that have been forfeited.

1.4 **PLAN COMPLIANCE.** Flex-Plan shall:

1.4.1 Prepare and propose to the Company all Plan Documents, and all amendments thereto, to be reviewed by the Company, approved or modified by the Company, and delivered back to Flex-Plan;

1.4.2 Prepare and propose to the Company the Summary Plan Description, and all amendments thereto, to be reviewed by the Company, approved or modified by the Company, and delivered back to Flex-Plan; then to be maintained by Flex-Plan, available in an electronic format;

1.4.3 Store and retain claims for eight (8) years after date of claim;

1.4.4 Perform claims substantiation and adjudication, including verification of date, service, and cost of service;

1.4.5 Perform annual Discrimination Testing upon Company request, after return of Non-Discrimination Worksheet, without additional fee.

1.5 **DIRECT DEPOSIT:** Flex-Plan shall:

1.5.1 Create customized election forms for Participants;

1.5.2 Send Electronic Funds Transfer notification, for each electronic transfer, with Explanation of Benefits, to each applicable Participant;

1.5.3 Electronic Funds Transfer will be deposited into the individual Participant bank account within two business days after the later of: (1) the scheduled processing date; or (2) the date that Flex-Plan receives back the contribution sheet from the Company (see fee schedule in the attached Exhibit A).

1.6 **ENROLLMENT MEETINGS & BENEFIT FAIRS.**

Flex-Plan shall provide on-site enrollment meetings and attendance at benefit fairs, for the fees and costs set forth in the attached Exhibit A.

1.7 **CONTRACT COMPLIANCE.**

Flex-Plan will comply with, and all deliverables provided by Flex-Plan to the Company or Participants under this Agreement shall comply with, all applicable codes, rules and regulations, including, but not limited to 26 USCS.

2. **FEE SCHEDULE.**

The Fee Schedule, of costs and fees to be paid by the Company to Flex-Plan, is attached hereto as Exhibit A.

3. **RESPONSIBILITIES OF THE COMPANY.**

3.1 **PAYMENT.**

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Company will remit full payment to Flex-Plan of all billed costs and fees, pursuant to the terms of section 2 hereof and the attached Exhibit A, within thirty days after delivery to the Company of the monthly administrative invoice.

### **3.2 REPORTING.**

The Company shall report all new Participants, and all changes in employment or Participant information, and all terminations of Participants from the Plan, and all unpaid Participant leaves of absence, on the same day of each such occurrence. The Company shall also verify contribution information, all year to date information, and Participant annual elections for each pay date. The Company shall also confirm the Contribution Eligibility Worksheet data. In the event that such occurrences are not timely reported or information not timely verified, and in the event that there are disbursements made by Flex-Plan that would not have been made if the occurrence had been timely reported, then the Company shall be responsible for such disbursements up to the annual election amount, and shall reimburse Flex-Plan therefore upon request by Flex-Plan. Company shall be responsible for all Participant deductions and Participant assets within its control, and shall apply those funds as described herein.

### **3.3 FUNDING. Terms are set forth in the attached Exhibit B.**

### **3.4 REPORT RECONCILIATION.**

Company shall reconcile Flex-Plan's Contribution Eligibility Worksheet against payroll deductions for each processing date. If the Company cannot or does not perform this responsibility, Flex-Plan may charge the rate described in the attached Exhibit A for reconciling employer provided payroll reports, as further described in section 3.2 herein.

### **3.5 ACTION ON DISCRIMINATORY PLAN.**

Company shall initiate and timely complete appropriate action required in the event the Plan(s) become discriminatory.

## **4. ADVERTISING.**

Flex-Plan may indicate in its marketing materials and proposals to other prospective customers that this Agreement has been awarded, and may describe the nature and objective(s) of this engagement. No such statements by, or materials of, Flex-Plan will disclose any Company confidential or proprietary information.

## **5. CONFIDENTIALITY.**

Flex-Plan values business and respects Company's right to privacy. All Company data including, but not limited to, all Company Participant information related to Participants' names, salaries, wage information and healthcare expense data, are confidential and Flex-Plan covenants and agrees that it will not, directly or indirectly, use or disclose confidential data except as otherwise described herein, to Flex-Plan employees, on a need to know basis, as necessary to provide services to the Company and Participants as described herein. Further, Flex-Plan will maintain all information, medical or otherwise, in compliance with all applicable statutes, codes, and regulations, and as may be required by any governmental regulatory body or any duly constituted court.

## **6. OWNERSHIP OF REPORTS AND DATA.**

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All reports and data prepared by Flex-Plan, or prepared by Flex-Plan with input from the Company, pursuant hereto, provided that it is not confidential Participant data, remain the property of the Company. Flex-Plan will provide the Company with all data generated pursuant hereto, upon request of the Company, in electronic or printed format used in its administration procedures.

7. **TERM OF AGREEMENT.**

This Agreement will be effective commencing the date first written above, and shall continue for a period of one year thereafter or until the designated end of the first Plan Year, whichever shall first occur. In the absence of notice of termination by either party more than 30 days prior to the end of the initial term, or prior to the end of a successive term thereafter, then the term hereof shall automatically renew for an additional term of one year at the end of each successive one year term. Notwithstanding the foregoing, the term of this Agreement may be terminated by either party, at any time during the initial term or subsequent terms, upon 30 days prior notice from one party to the other.

8. **INDEMNIFICATION:**

The Company shall defend, hold harmless, and indemnify Flex-Plan from and against any damages, liabilities, claims, costs, and expenses, including reasonable attorneys' fees, whether at arbitration, trial, on appeal, or in any regulatory proceeding (herein collectively "Claims") relating to the Company's default in performance of any of its duties in this Agreement, or related to the acts or omissions of the Company; provided, however, that the obligation to defend, indemnify, and hold harmless shall not apply to the extent such Claims result from the acts or omissions, including negligence or willful misconduct, of Flex-Plan.

9. **INCORPORATION.**

The attached Exhibits are hereby incorporated as though fully set forth herein.

**"FLEX-PLAN"  
FLEX-PLAN SERVICES, INC.**

By: \_\_\_\_\_ Jim Aitken  
Title: President  
Date: 1/17/2003

**"COMPANY"  
Seattle School District**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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### **EXHIBIT A** **FEE SCHEDULE**

The Company shall pay to Flex-Plan the following fees and costs, for the services and products of Flex-Plan delivered pursuant hereto:

1. **Annual Fees:**
  - 1.1 For the Plan administration - \$600.00 annual fee.
  - 1.2 Per Participant, \$6.00 annual Flexible Spending Account (“FSA”) enrollment fee per Participant.
2. **Monthly Processing Fees:** For processing and administration, the Company shall pay to Flex-Plan the following fees (\$50/month aggregate minimum):
  - 2.1 \$5.00 per month per FSA Participant (for Participants 1 – 100)
  - 2.2 \$4.00 per month per FSA Participant (for Participants 101 – 200)
  - 2.3 \$3.00 per month per FSA Participant (for Participants 201 and more)
3. **Mailing Fee:** \$0.90 per check/statement mailed.
4. **Enrollment Material Fee:** \$0.70 per enrollment packet produced and provided to the Company.
5. **Electronic Funds Transfer:**
  - 5.1 \$15.00 per month Electronic Funds Transfer fee
  - 5.2 \$10.00 per returned item, from attempted deposit in Participant account.
6. **Enrollment Meetings and Benefit Fairs:** For on-site enrollment meetings and attendance at benefit fairs by Flex-Plan:
  - 6.1 Company shall pay to Flex-Plan \$75.00 per hour, or \$300.00 per eight-hour day, whichever is less;
  - 6.2 Air travel and lodging expenses shall be charged to the Company at Flex-Plan’s cost;
  - 6.3 Automobile mileage is charged at \$ .36/mile, plus \$37.50/hour driving travel time.
  - 6.4 Air travel time is charged as a full day cost, of \$300.00 per day.
7. **Report Reconciliation:** In the event that the Company does not, or cannot, perform the reconciliation of the Flex-Plan monthly report, as described in section 3.4 of the Agreement, then Flex-Plan will perform the reconciliation for \$75/hr., with a minimum of \$75.00 per report.

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### EXHIBIT B DISBURSEMENT FUNDING

1. Disbursement registers are payable upon receipt. In the event that such disbursement payments are not received, processing will be delayed until payment is received.
2. Companies using disbursement only services can elect one of the following alternatives:
  - 2.1 Pay .0333% per day interest for past due reimbursements, in which event interest begins accruing on outstanding balances from the 6th business day after the disbursements were released; or
  - 2.2 Pay to Flex-Plan within 30 days after the commencement of the Plan Year an advance disbursement. Said advance disbursement shall be a sum equal to eight percent (8%) of the projected annual elections for the Plan. Said sum, or the portion thereof not utilized, shall then be reimbursed to the Company promptly at the end of the grace period for that Plan Year.