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SEP 27 2012



Chandler - Arizona
Where Values Make The Difference



MEMORANDUM

DATE: September 24, 2012

TO: Mayor and Council

THRU: Rich Dlugas, City Manager *RD*
Debra Stapleton, Director of Human Resources Division *JAS*

FROM: Valerie F. Hernandez, Benefit Programs Supervisor *VFH*

SUBJECT: Recommendation for Approval of PayFlex Systems USA, Inc. Agreement

RECOMMENDATION: Approve and authorize the Mayor and Council to approve a one year extension to the agreement between the City of Chandler and PayFlex Systems USA, Inc. for benefit plan year 2013, effective January 1, 2013.

BACKGROUND: City staff reviews the employee benefits package each year with the assistance of an employee benefits consulting firm. PayFlex Systems USA, Inc. provides healthcare flexible spending account and dependent care flexible spending account administration services. Flexible Spending Accounts (FSA) enables employees to put aside a portion of their gross income on a pre-tax basis in an FSA in order to pay qualified health care and/or dependent care expenses. The current rate of \$4.75 per employee per month has been guaranteed for plan year 2013; therefore, no rate increase will occur. This benefit is paid by the City.

PROPOSED MOTION: Move to approve and authorize the Mayor and Council to approve a one year extension to the agreement between the City of Chandler and PayFlex Systems USA, Inc. for benefit plan year 2013, effective January 1, 2013.

**CALENDAR YEAR 2013
AMENDMENT TO THE AGREEMENT
BETWEEN THE CITY OF CHANDLER
AND PAYFLEX SYSTEMS USA, INC.
AS SUCCESSOR TO FLEXAMERICA, INC.
FOR FLEXIBLE SPENDING ACCOUNT ADMINISTRATION**

This Amendment ("Calendar Year 2013 Amendment"), is made and entered this _____ day of _____, 2012, to the *City of Chandler Professional Services Agreement for Flexible Spending Administration between the City of Chandler and FlexAmerica, Inc.*, dated November 6, 2003 ("Agreement").

WHEREAS, the City of Chandler and FlexAmerica, Inc. entered into an Agreement for Flexible Spending Account Administration dated November 6, 2003, and extended that contract, subject to certain amendments for Calendar Years 2005, 2006, 2007, 2008, 2009, 2010, 2011 and for 2012 by the *Calendar Year 2012 Amendment to the Agreement Between the City of Chandler and Payflex Systems USA, Inc. as Successor to FlexAmerica, Inc. for Flexible Spending Account Administration*; and

WHEREAS, in January, 2007, PayFlex Systems USA, Inc. purchased FlexAmerica, Inc., agreed to be bound by the duties and obligations set forth in the Agreement between the City of Chandler and FlexAmerica, Inc., and continued to do business as FlexAmerica, Inc. until September 28, 2008; whereupon the company began administering the agreement as PayFlex Systems USA, Inc.; and

WHEREAS, the City of Chandler and PayFlex Systems USA, Inc. want to amend the Agreement to extend it for the term of January 1, 2013, through December 31, 2013.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do agree as follows:

1. The contract is extended for the term of January 1, 2013 through December 31, 2013.
2. Except for the provisions amended by Item 1 above, the Agreement as amended by the *Calendar Year 2012 Amendment to the Agreement Between the City of Chandler and Payflex Systems USA, Inc. as Successor to FlexAmerica, Inc. for Flexible Spending Account Administration* dated September 26, 2011, shall remain in full force and effect.
3. Payflex Systems USA, Inc. agrees to administer the program in compliance with the terms of the City of Chandler Flexible Spending Account Program and all amendments thereto adopted by the Chandler City Council.

IN WITNESS WHEREOF, the parties hereto have caused this *Calendar Year 2013 Amendment to the Agreement Between the City of Chandler and PayFlex Systems USA, Inc. as Successor to FlexAmerica, Inc. for Flexible Spending Account Administration* to be duly executed this ____ day of _____, 2012.

CITY OF CHANDLER,
an Arizona municipal corporation

PAYFLEX SYSTEMS USA, INC.

By: _____
Mayor

By:  _____
Title: President

APPROVED AS TO FORM:

ATTEST: (If corporation)

City Attorney *CH for*

Secretary

ATTEST:

City Clerk