

ADP TOTALSOURCE®
CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 1

This Client Services Agreement (“Agreement”) is between ADP TotalSource, Inc. and any of its subsidiaries or affiliates to which it may assign this Agreement or a portion thereof (“TotalSource”), and the other party executing this Agreement (“Client”), and will be effective and binding upon the parties as of 12:01 a.m. on the first day of the first payroll period for which TotalSource processes the payroll (“Effective Date”).

I. Relationship between the Parties and the Worksite Employees.

A. Relationship between the Parties. As a professional employer organization (“CPEO”) certified under the Internal Revenue Code of 1986, as amended (the “Code”), TotalSource will provide Client with the CPEO services set forth in Part 1, Section IV (“Services”). In the CPEO relationship TotalSource and Client will share certain employer responsibilities and will allocate other employer responsibilities between each other as set forth in this Agreement.

B. Rights and Responsibilities with Respect to the Worksite Employees.

1. During the term of this Agreement, Client will remain an employer of the Worksite Employees, as such term is defined below, and TotalSource will become a co-employer of the Worksite Employees as set forth in this Agreement.

2. Client will have: (i) direction and control over the Worksite Employees as is necessary to conduct Client’s business, discharge any fiduciary responsibility it may have, or comply with any applicable licensure, regulatory or statutory requirement of Client; (ii) control over the day-to-day job duties of Worksite Employees and over the job sites at which, or from which, Worksite Employees perform their services (“Worksite”); and (iii) responsibility over the professional and licensed activities of Worksite Employees including ensuring that Worksite Employees are supervised by licensed individuals as required by law; determining whether an applicant or Worksite Employee meets Client’s hiring criteria and is qualified to safely and competently perform his or her job; as well as any on-going compliance with regulatory or professional licensing requirements.

3. TotalSource reserves a right of direction and control over Worksite Employees as is necessary to fulfill its obligations and provide the Services under this Agreement. This reservation of rights shall not be deemed a requirement to exercise such rights and does not affect Client’s independent ability to exercise its rights as an employer.

4. TotalSource and Client will each have a right to hire, discipline and terminate the Worksite Employees as to each one’s employment relationship with the Worksite Employees.

C. No Change to Underlying Employment Relationship. This Agreement does not change the underlying employment relationship between any Worksite Employee and Client and does not create any rights for any Worksite Employee that did not previously exist. Existing or future employment agreements including non-competition and confidentiality agreements remain the exclusive responsibility and liability of Client. Client acknowledges that TotalSource does not become a party to any employment agreement between Client and any Worksite Employee.

II. Employment of the Worksite Employees.

A. Worksite Employees. The term “Worksite Employee” shall mean an individual hired by Client (i) who completed TotalSource’s new hire forms, (ii) who is eligible to work in the United States (“U.S.”) as evidenced by the timely and accurate completion and submission to TotalSource of the U.S. Department of Homeland Security’s Form I-9, Employment Eligibility Verification (“I-9”) and any other legally required employment eligibility verification system, and (iii) who has been placed on TotalSource’s payroll. Client shall ensure the timely and accurate completion of an I-9 (paper or electronic) for each Worksite Employee, provide a paper copy of or submit I-9 data electronically to TotalSource within three (3) days of hire and, in the case of a paper I-9, comply with all retention requirements under applicable law. No individual hired by Client will be employed by TotalSource and covered under this Agreement or any TotalSource policy or benefit until the conditions established in this Section II.A for Worksite Employee status have been met. Both parties agree that all Client employees must timely satisfy the conditions set forth herein and become Worksite Employees of TotalSource. Client will not employ anyone not covered under this Agreement without prior written notification to TotalSource.

B. Non-Worksite Employees. The term Worksite Employee does not include TotalSource corporate employees providing CPEO Services to Client under this Agreement (“TotalSource Corporate Employees”), independent contractors, or individuals who may be providing services to Client under any other arrangements including a temporary employee provided through a staffing agency (collectively “Non-Worksite Employees”).

C. Self-Employed Individuals. Client agrees to identify all self-employed individuals providing services to Client to be covered under this Agreement (“SEI”), which may include partners, limited liability company members, and 2% or more owners of Subchapter S Corporations. Client acknowledges that all SEIs will be required to execute TotalSource’s Self-Employed Individual and Non-Paid Owner Participation Addendum to acknowledge the respective individual tax responsibility of such SEI. Self-employed individuals who do not provide services for Client are not Worksite Employees and will not be covered under this Agreement. Due to rules under the Code, Client acknowledges that SEIs may not be able to participate in all components of the TotalSource Health and Welfare Plan.

D. Payroll of Worksite Employees Exclusively Through TotalSource. Unless expressly agreed to otherwise, Client agrees to process and pay all taxable wages and other taxable payments to Worksite Employees exclusively through TotalSource. Client further agrees not to process and issue manual checks to Worksite Employees containing taxable wages and other taxable payments without the prior written notice and approval of TotalSource.

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E. Notice to Worksite Employees. TotalSource will provide notice to Worksite Employees in writing about the CPEO relationship at both the inception and termination of co-employment with TotalSource. TotalSource will provide Client with *Basic Employment Policies* (“BEP”) either electronically or in paper and Client will ensure that each Worksite Employee receives and acknowledges receipt of the BEP. If the Worksite Employee does not electronically acknowledge receipt of the BEP via My TotalSource, Client must return a copy of the Worksite Employee’s executed acknowledgement of receipt of the BEP to TotalSource along with the other new hire paperwork as provided in Part 1, Section II.A.

III. Duties of the Parties with Respect to the Worksite Employees.

A. Duty to Inform. Client and TotalSource agree to accurately inform each other when they have knowledge of any potential or actual employment-related matter involving the Worksite Employees including claims, complaints (whether oral or written), incidents, allegations, charges, lawsuits, government investigations or audits, union organizing at Client’s worksite, changes in status such as leaves of absences, reduction in hours from full-time to part-time, new hires and terminations.

B. Duty to Cooperate. TotalSource and Client agree to cooperate with each other in addressing employee issues including participating in employment-related investigations, providing training to Worksite Employees, following lawful employment policies and procedures, including those provided to Client by TotalSource, and assisting in resolving Worksite Employee complaints and/or the defense of employment-related claims.

C. Duty to Consult. In order for TotalSource to provide its Services, Client will consult with TotalSource before taking any adverse employment action such as termination, formal discipline, or demotion.

D. Duty to Provide Access. During the term of this Agreement, Client will give TotalSource (or designated agents), upon prior request and reasonable notice during normal business hours, the right to access and examine Worksite Employee information, data, files and Worksites. In the case of a government investigation involving the Worksite Employees Client agrees to immediately provide TotalSource with access to Worksite Employee information and Worksites.

IV. Professional Employer Services. During the term of this Agreement, TotalSource will provide Client with the Services set forth below in this Section IV. Client acknowledges that TotalSource’s provision of the Services is dependent upon the completeness, accuracy, and timeliness of the information that Client provides to TotalSource.

A. Payroll and Tax Filing. TotalSource will: (i) pay Worksite Employees as reported by Client to TotalSource; (ii) withhold and remit federal, state and local employment taxes; (iii) deliver payroll to Client; (iv) process direct deposits to those Worksite Employees electing such service; and (v) process calendar year-end W-2 forms for the Worksite Employees (collectively “Payroll Services”).

B. Wage Withholding Orders; Garnishment; Lien Processing. TotalSource will administer Worksite Employee garnishments, liens and withholding orders provided that Client timely provides them to TotalSource.

C. Unemployment Claims Administration. TotalSource will provide unemployment claims administration. Client agrees to provide TotalSource with a power of attorney to permit TotalSource to administer Client’s unemployment account if required by state law and provide TotalSource with all information and documentation required to assist TotalSource with providing its unemployment claims administration services.

D. Human Resources Services; Products. TotalSource will provide Client with a secure, online human resources website that provides Client with access to an employer forms library, allows Client to process and report newly hired and terminated Worksite Employees, and administers Worksite Employee records as provided to TotalSource by Client. TotalSource will also provide Client with policies and procedures regarding commercially accepted human resource practices and access to human resource, payroll and benefits professionals. TotalSource will provide Client with assistance in preparation of a written response to a charge of discrimination and/or retaliation filed by a Worksite Employee or applicant under any state or federal discrimination law provided there is not a conflict of interest between Client and TotalSource.

E. Human Resources Guidance. TotalSource will provide human resources guidance consistent with federal, state, and local employment laws including: Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Pregnancy Discrimination Act, the Equal Pay Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the Immigration and Nationality Act and the Immigration Reform and Control Act as it applies to completion of the I-9 forms; the Fair Credit Reporting Act; and the Family and Medical Leave Act.

F. Leave Administration. TotalSource will administer Worksite Employee leaves required under state or federal leave laws.

G. Employee Service Center. TotalSource will provide the Worksite Employees with toll-free access to an Employee Service Center to assist Worksite Employees.

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H. Employee Assistance Program. TotalSource will make available to Worksite Employees a confidential employee assistance program (“EAP”).

I. EEO-1 Guidance. The Equal Employment Opportunity Commission (“EEOC”) requires certain employers to file an EEO-1 Component 1 report annually. Upon request from Client, TotalSource will provide tools and reporting support to assist Client in filing an EEO-1 Component 1 report to the EEOC. For the avoidance of doubt, Client remains solely responsible for filing any required EEO-1 Component 1 report to the EEOC. Notwithstanding the foregoing, TotalSource will only provide tools and reporting support for EEO-1 Component 1 reports for the calendar years in which the Agreement is in effect. TotalSource does not become a federal or state subcontractor by providing CPEO Services to a Client that is a federal or state contractor or subcontractor.

J. Worksite Safety Guidance. TotalSource will provide Client with guidance regarding loss prevention and workplace safety practices; access to safety training; assistance with safety program development; a customizable safety manual and Occupational Safety and Health Act compliance assistance regarding Worksite Employees and Client’s Worksites.

K. Workers’ Compensation Claims Administration. TotalSource will provide workers’ compensation claims administration and provide a toll-free number for reporting claims.

L. TotalSource Training. TotalSource will provide Client with access to training on management and employee development, regulatory compliance and employment laws.

M. Benefits Administration. TotalSource will provide benefits administration for the ADP TotalSource Health and Welfare Plan, which includes Consolidated Omnibus Budget Reconciliation Act, as amended (“COBRA”), administration, plan administration, enrollment and renewal.

N. Elective Services:


- i. Drug Testing; Drug Free Workplace Program. For an additional fee as set forth in the Pricing Addendum, and if requested by Client, TotalSource will provide Client with access to drug testing and a drug free workplace program.
- ii. ADP Recruitment Services. For an additional fee, and if requested by Client, TotalSource will provide Client with access to recruiting services.
- iii. Time and Labor Management. Upon Client’s request, TotalSource will provide Client with access to the time and labor management services described in Part 2 of the Pricing Addendum (“Time and Labor Management”). Client’s use of Time and Labor Management shall be subject to the fees and costs set forth in the Pricing Addendum and shall be invoiced to Client in addition to the Service Fee described in Part 2, Section 2.A.
- iv. General Ledger Infolink. Upon Client’s request, TotalSource will provide Client with access to the General Ledger Infolink (“GLI”) services described in Part 2 of the Pricing Addendum. Client’s use of the GLI services shall be subject to the fees and costs set forth in the Pricing Addendum and shall be invoiced to Client in addition to the Service Fee described in Part 2, Section 2.A.
- v. Enhanced Talent Suite. Upon Client’s request, TotalSource will provide Client with access to the talent management services set forth in Part 2 of the Pricing Addendum (“Enhanced Talent Suite”). Client’s use of Enhanced Talent Suite shall be subject to the fees and costs provided in the Pricing Addendum and shall be invoiced to Client in addition to the Service Fee described in Part 2, Section 2.A.
- vi. Screening and Selection Services. Upon Client’s request, TotalSource will provide Client with access to the screening services set forth in the Pricing Addendum for the additional fees set forth therein (the “Screening Services”). The Screening Services set forth in the Pricing Addendum are subject to change in TotalSource’s sole discretion and will be provided to Client through TotalSource’s affiliate, ADP Screening and Selection Services, Inc. (“SASS”).
- vii. Application Programming Interface. Upon Client’s request, TotalSource will provide Client with access to its Application Programming Interface services described in Part 2 of the Pricing Addendum (“API”). Client’s use of API shall be subject to the fees and costs set forth in the Pricing Addendum and shall be invoiced to Client in addition to the Service Fee described in Part 2, Section 2.A.

V. Benefits.

A. Group Health; Welfare Benefits. TotalSource will offer health, dental, vision, disability and life insurance benefits through the ADP TotalSource Health and Welfare Plan to Worksite Employees as described in the attached and incorporated Client Benefit Election form (“CBE”). Worksite Employees must meet the eligibility requirements under the applicable plan and governing laws.

B. Multiple Employer 401(k) Plan. At Client’s election, the ADP TotalSource Retirement Savings Plan, a multiple employer 401(k) plan (“MEP”), will be offered to the Worksite Employees. If Client elects to participate in the ADP TotalSource Retirement Savings Plan, Client agrees to execute a separate Retirement Savings Plan Adoption Agreement.

VI. Workers’ Compensation Coverage.



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A. Workers' Compensation Coverage Provided by TotalSource. TotalSource will maintain workers' compensation coverage for Worksite Employees. Coverage will not extend to Non-Worksite Employees. Workers' compensation coverage will cease on the effective date of termination of this Agreement. Jones Act, Long Shoreman's Act and Outer-Continental coverage is not provided. TotalSource's workers' compensation policy carries standard workers' compensation coverage for international travel. The policy will solely provide for emergency care in the foreign country where the injury occurred and repatriation back to the United States for treatment.

B. Workers' Compensation for Non-Worksite Employees. Should Client use or engage the services of Non-Worksite Employees, Client will maintain or cause workers' compensation coverage to be maintained for such Non-Worksite Employees. Client also agrees to provide TotalSource with a certificate naming TotalSource as a certificate holder, obtain a labor contractor endorsement (or the equivalent) in favor of TotalSource, and require that Client's insurer notify TotalSource in advance of any termination of coverage. Client will require its independent contractors to enter into independent contractor agreements with Client and to maintain workers' compensation coverage. Furthermore, Client agrees to cooperate with TotalSource or any of its agents as it relates to any review for purposes of verifying compliance with the terms of this Section VI.

C. Modified Light Duty. Client agrees to provide light duty work within the physical limitations set by an authorized treating physician for Worksite Employees who have a work-related injury. Client will not be obligated to create a new position for a Worksite Employee solely for the purpose of satisfying its obligations under this Section VI C. of the Agreement. Further, Client agrees to notify TotalSource of any Worksite Employees assigned to light duty work or participating in a return to work program in satisfaction of the terms of this Section VI.C.

VII. Employment Practices Liability Insurance. TotalSource will provide a claims-made Employment Practices Liability Insurance policy ("EPLI") with an endorsement that extends coverage to Client for covered claims filed by Worksite Employees and applicants against Client alleging wrongful employment practices as defined in the policy. Client's coverage is subject to annual aggregate limits and deductibles (retention) which must be satisfied by Client. The deductibles (retention) are set forth in the attached and incorporated Pricing Addendum. The terms of the EPLI policy govern the rights of the parties. TotalSource reserves the right to change the EPLI policy terms or any related terms and conditions set forth in the Pricing Addendum, cancel and/or self-insure after providing Client with reasonable prior notice.

VIII. Legal Defense Benefit. TotalSource will provide Client a Legal Defense Benefit for claims that are covered by the EPLI policy whereby TotalSource will pay for a specified amount of Client's attorney's fees exclusive of costs and disbursements (e.g., travel costs, mediation expenses, deposition transcripts, filing fees, copying fees, etc.), subject to conditions described in this Section. TotalSource will not provide the Legal Defense Benefit for claims not covered by the EPLI Policy (such as wage and hour claims). The amount of the Legal Defense Benefit is set forth in the attached and incorporated Pricing Addendum. This benefit is not insurance, it is not indemnification, and it is not to be used as a fund to settle disputes between Client, TotalSource, and/or an applicant or Worksite Employee (former or current).

A. Conditions for Benefit. To obtain the Legal Defense Benefit, Client must meet all of the following requirements for each claim: 1) follow TotalSource's policies for employment practices; 2) consult with TotalSource before taking any adverse employment action such as termination, discipline or demotion, and follow TotalSource's recommendation(s) regarding the incident from which the claim arose; 3) comply with this Agreement in all material respects; 4) accept TotalSource's choice of defense counsel; and 5) cooperate with chosen defense counsel. If Client prefers to select its own counsel, the Legal Defense Benefit will not be available to cover the attorney's fees associated with that selection. If there is a conflict of interest between Client and TotalSource, this benefit is not available. Further, the Legal Defense Benefit will no longer be available if TotalSource, in its sole discretion, with input from chosen defense counsel, determines that a reasonable settlement is possible and Client refuses such settlement. Under those circumstances, Client becomes responsible for any attorney's fees incurred thereafter.

B. Scope of Benefit. If Client fulfills the above requirements, and provided TotalSource was involved in addressing the particular incident from which the claim arose by providing a recommendation regarding such incident, TotalSource will pay attorney's fees up to the amount set forth in the Pricing Addendum to defend employment claims covered under the EPLI policy (excluding class action claims), filed by an applicant or current or former Worksite Employee based on facts or circumstances that arose during the term of this Agreement. The Legal Defense Benefit is only available while this Agreement is in effect. Upon termination of this Agreement, the Legal Defense Benefit will terminate and TotalSource will cease paying attorney's fees. The legal fees for the Legal Defense Benefit will be based on the hourly rate that the chosen defense counsel selected by TotalSource charges TotalSource.

IX. Service Guarantee. TotalSource is confident about the quality of its Services. As a result, we make the following guarantee: if Client experiences a Service failure and terminates this Agreement within the first six (6) months of the Effective Date, TotalSource will refund the Service Fee set forth in the Pricing Addendum that Client paid TotalSource, excluding wages, direct expenses, payroll taxes, workers' compensation costs, implementation fees and other mandatory insurance (the "Refund Amount"). No amount required to be paid pursuant to the CBE will be refunded. This Service Guarantee is not available if Client materially breaches this Agreement, including failure to pay. In order for Client to receive the Refund Amount under this Service Guarantee, Client must first notify TotalSource, in writing, of the Service failure(s) within five (5) business days of Client experiencing such failure(s) and provide TotalSource with ten (10)



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business day's opportunity to cure the Service failure after having notified TotalSource. The foregoing Service Guarantee does not apply in the case of a frivolous or immaterial Service failure.

- X. **Pricing.** Client will pay TotalSource as indicated in the Pricing Addendum and as set forth in Part 2, Section 2.
- XI. **Term.** This Agreement has an initial one (1) year term starting on the Effective Date ("Initial Term"). After the Initial Term this Agreement renews automatically on its anniversary date for successive one (1) year terms. This Agreement may be terminated as set forth in Part 2, Section 15.
- XII. **Terms and Conditions; Exhibits; Addenda.** Part 2: Terms and Conditions ("Part 2") and Part 3: Federal and State Addendum ("Part 3") are attached hereto and are incorporated by reference in and are a part of this Agreement. TotalSource's provision of Services is subject to this Part 1, Part 2, and Part 3, and any exhibit, addendum or document referenced, attached or incorporated herein by reference.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same document. The parties agree that a signature transmitted via facsimile or electronic mail shall be deemed original for all purposes hereunder. TotalSource may execute this Agreement using an electronic signature and such signature shall be treated in all respects as having the same effect as an original handwritten signature. TotalSource and Client execute this Agreement, in their respective corporate names by their duly authorized officers on the dates provided below.

ADP TotalSource, Inc.

Client: TULARE LOCAL HEALTH CARE DISTRICT
 DBA:
 FEIN: XXXXXXXXXX

 Signature

 Name

 Title

 Date

 Signature

 Name

 Title

 Date

CLIENT ADDRESS FOR NOTICES:
 842 N Gem St

 Tulare, CA, 93274

Upon the Effective Date, this Agreement shall be assigned to TotalSource DE IV, Inc. with Federal Employer Identification Number 364210977



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1. GENERAL TERMS GOVERNING THE PROVISION OF SERVICES.

A. Accuracy of Client Information. Client represents that the information provided to TotalSource prior to executing this Agreement was and continues to be accurate and complete as of the Effective Date. Client is solely responsible for any demand or claim that existed, accrued or relates to facts and circumstances which occurred before the Effective Date. Client acknowledges that such responsibility includes payment of attorney's fees, investigation costs, damages or similar charges, costs or expenses and that the Legal Defense Benefit is not available for such demand or claim. Client is responsible for providing TotalSource with complete, accurate, and timely information necessary for TotalSource to provide Services and fulfill its responsibilities. Client will promptly notify TotalSource at any time it discovers any inaccuracies or discrepancies.

B. Accuracy of Payroll; Submission of Payroll; Wage and Hour Laws. Client will provide TotalSource with complete and accurate information regarding hours worked, all legally required data elements for earning statements, job classifications, exemption status under the Fair Labor Standards Act ("FLSA") and similar state and local laws (collectively, with all regulations, rules, and judicial, regulatory and administrative orders, findings, guidance and other interpretations thereunder, "Wage and Hour Laws"), and other payroll information needed for TotalSource to accurately pay Worksite Employees and as is otherwise necessary for TotalSource to satisfy its obligations in connection with this Agreement ("Payroll Information"). In order for TotalSource to process payroll for the Worksite Employees on the designated pay date, Client must submit the Payroll Information to TotalSource using the TotalSource Payroll Processing Platform no later than three (3) business days before each pay date. Client agrees to comply with, and acknowledges that it is solely responsible for compliance with, Wage and Hour Laws (including the application of any exemptions from these requirements) applicable to Worksite Employees, including, without limitation, minimum wage, overtime, meal and rest periods, recordkeeping, paid sick leave (including any requirements to provide employees with sick leave balance information if not including this information on an earning statement), notice requirements, wage deductions (including authorization requirements) and the application of credits / allowances for board, lodging or other facilities against minimum wage and overtime pay requirements.

C. Bonuses, Commissions, Vacation, Holiday, Sick, Severance Pay Agreements. Any responsibility and/or liability with regard to agreements for bonuses, commissions, vacation, holiday, sick pay or similar time off accruals, and severance pay ("Nonstandard Wages") shall remain the sole responsibility of Client. The fact that TotalSource may process Nonstandard Wages as a part of its Payroll Services, does not evidence any agreement or assumption by TotalSource of responsibility or liability for payment of Nonstandard Wages to Worksite Employees. Client must notify TotalSource of any Nonstandard Wages that must be paid out at termination for a Worksite Employee.

D. Use of Services. Client will use the Services solely for its own Internal Business Purposes. "Internal Business Purposes" means the usage of the Services, including the Application Programs, exclusively by Client for its own internal business purposes and will not otherwise share or distribute any element of the Services. "Application Programs" means the computer software programs and related documentation, including any updates, modifications or enhancements thereto, that are either delivered or made accessible to Client through a hosted environment by TotalSource in connection with the Services. Client acknowledges and agrees that TotalSource's Services are not intended to be and will not be relied upon by Client as either legal, financial, insurance or tax advice. TotalSource is not, and will not be, Client's record keeper. Accordingly Client will maintain such records as Client is otherwise required to maintain in the ordinary course of business. TotalSource shall not be responsible for providing Services as it relates to Client's guests, invitees, independent contractors or other third parties and shall not be liable for the acts or omissions of Client's guests, invitees, independent contractors or other third parties. Unless otherwise agreed to, Client agrees that the Services will be utilized by Client solely in the United States. Client understands and agrees that only Users are permitted to access and use Application Programs (and that access by Unauthorized Third Parties is not permitted) and will reasonably cooperate with TotalSource to limit access to such persons. "User" means any single natural person who, subject to the terms of this Agreement, is a Worksite Employee of Client, owner, or external administrator authorized by Client to use, access or receive the Services.

E. Client Responsibility for Worksite Employees. Because Client has exclusive control over the day-to-day job duties of Worksite Employees, Client is responsible for the acts, errors, and omissions of Worksite Employees. TotalSource is not responsible for the acts, errors or omissions of Worksite Employees except when Worksite Employees are acting under the express direction and control of TotalSource.

F. Compliance with Laws. Client and TotalSource shall each be solely responsible for their own compliance with all laws, government regulations and professional licensing affecting their business, products and services, including any applicable anti-bribery, export control, computer fraud and data protection laws. In connection with its obligations under the Agreement, each party shall comply with

all anti-bribery laws and regulations applicable to it, and neither it nor anyone acting on its behalf shall pay, offer to pay, or give anything of value to any person, entity, or association if the payment, offer, or gift influences, or has any reasonable likelihood of influencing, any act or decision that will assist TotalSource or Client in securing an improper advantage, or in improperly obtaining or retaining business, or in improperly directing business to any other person, entity, or association. TotalSource's provision of Services does not relieve Client of its responsibility and obligations to comply with all federal, state and local laws, including employment and worksite safety laws. Client understands that it may now need to comply with laws that may apply as a result of the CPEO relationship (e.g., state leave laws).

G. National Labor Relations Act. Client agrees to inform TotalSource before it executes a collective bargaining agreement. Client acknowledges that it is solely responsible for determining whether to: (i) operate as a union or non-union business; (ii) be involved with a union organizing campaign and/or election; (iii) negotiate a collective bargaining agreement; and (iv) process grievances and arbitrations under the National Labor Relations Act. Client acknowledges that if it has, or at any time enters into a collective bargaining agreement, Client and the applicable union(s) will be required to enter into a Memorandum of Understanding with TotalSource explaining the nature of the CPEO relationship between TotalSource and Client. Client agrees that TotalSource will have no responsibility for paying any contributions to any multiemployer pension and/or welfare plan and will not become a paying entity or contributing employer within the meaning of the Multiemployer Pension Plan Amendment Act and has no withdrawal liability. Client further acknowledges that TotalSource is not a collective bargaining employer with respect to Worksite Employees. TotalSource does not provide guidance with respect to the National Labor Relations Act.

H. Immigration; Employment Eligibility; International Employees; Overseas Travel.

- i. TotalSource will not be a sponsoring employer for purposes of petitioning or applying for immigration visas for Worksite Employees.
- ii. Client is solely responsible for verification and re-verification of employment eligibility and compliance under applicable law, including any other legally required employment eligibility verification system and corrections or updates to any required forms such as the I-9.
- iii. Client is solely responsible for determining whether any international travel of a Worksite Employee will require the issuance of a travel visa, work visa and/or work permit by a foreign government or agency.
- iv. Payroll Services do not include processing and/or remitting to a foreign or US territory government any payroll and/or employment-related taxes or tax reports that Client and/or individual Worksite Employee has (or may) become subject to as a result of the Worksite Employee's international travel or assignment to perform work for Client in a foreign country or any US territory.
- v. TotalSource does not provide guidance on any international laws or the laws of any US territory, including employment or tax laws.
- vi. Worksite Employees shall not be permitted to travel to any foreign country that is actively on the United States Department of State travel warning list.
- vii. Employees of Client assigned to work in or travel to foreign countries or any US territory for periods greater than six (6) months, in the aggregate, in any given calendar year will not be covered by this Agreement and will not be considered Worksite Employees. Client shall not assign Worksite Employees to work in or travel to foreign countries or any US territory for periods greater than six (6) months, in the aggregate, in any given calendar year.

I. Worker Adjustment and Retraining Act. Client has sole control over any decisions regarding plant closings, mass layoffs, or other events covered by the Worker Adjustment and Retraining Act ("WARN") and similar state laws at any Worksite. Client shall be solely responsible for any notice required to comply with WARN and similar state laws. The termination of this Agreement shall not constitute an event requiring notification under WARN or similar state laws where Client continues to operate its business. Notwithstanding the foregoing, Client agrees to provide TotalSource at least ninety (90) days advance notice of a plant closing, mass layoff or other event covered by the WARN Act or similar state laws or as soon as practicable where Client does not have ninety (90) days notice.

J. Additional Services Requested by Client. TotalSource may provide Client with access to additional services upon mutual agreement and by completion of an additional agreement or work order form, if applicable ("Additional Services Document"). Each Additional Services Document is incorporated into this Agreement by this reference as if set forth in this Agreement. To the extent there is any conflict between an Additional Service Document and this Agreement, the Additional Services Document will control with respect to the additional services in the Additional Services Document.

K. ADP Marketplace. TotalSource may provide Client with access to the ADP Marketplace. Client acknowledges that any application or service purchased by Client through the ADP Marketplace is provided by a third party and not TotalSource (whether or not such third party is an affiliate of TotalSource) and TotalSource makes no endorsements, representations or warranties (including any representations or warranties regarding compliance with laws) regarding such application or service. Client will enter into a relationship directly with the third party provider of such



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application or service. Any application or service purchased through the ADP Marketplace will be governed exclusively by the terms and conditions agreed to by Client and the third party provider and not by this Agreement (whether or not such third party is an affiliate of TotalSource). TotalSource will not provide any advice, service or support with respect to any application or service purchased on the ADP Marketplace. Client agrees to indemnify, protect, defend, release and hold harmless TotalSource, its parents, subsidiaries, affiliates, directors, officers, benefit plans and agents from and against any and all liability, expenses, losses and claims for damages arising from or in connection with Client's purchase or use of any application or service provided through the ADP Marketplace. The Legal Defense Benefit will not be available for any claim arising from or related to Client's purchase or use of any application or service provided through the ADP Marketplace.

L. Seasonal Business Operations. If Client's business operation is seasonal in nature, Client agrees to notify TotalSource in writing at least thirty (30) days prior to shut down or cessation of operations of Client's business, the date Client's business will resume operations and the date Worksite Employees will resume work ("Business Shutdown"). During the Business Shutdown, TotalSource shall provide no Services to Client, including workers' compensation insurance coverage.

M. Worksite Safety. Client is solely responsible for: (i) compliance with the Occupational Safety and Health Act and similar state laws (including, the responsibility to report injuries to OSHA or a state agency equivalent), the Worksite and safety of Worksite Employees, regardless of where Worksite Employees are assigned to work; (ii) making any Worksite accommodations required under the Americans with

Disabilities Act ("ADA"); (iii) complying with Title III of the ADA (public access to facilities); and (iv) providing and ensuring the use of safety equipment required by law or by TotalSource's workers' compensation carrier. Client will rectify any unsafe working condition or violation of any safety law of which it is aware, including any loss control recommendations made by TotalSource. Client understands that because TotalSource does not control the Worksite or the day-to-day job duties of Worksite Employees, TotalSource has no ability to abate any unsafe condition or violation of any safety law at a Worksite. Client will report to TotalSource any: (i) Worksite safety violations; (ii) work-related injuries or accidents; (iii) change in job functions and duties that affect workers' compensation classification; (iv) workers' compensation misclassification; (v) change in Worksite safety exposure; and (vi) change in the states in which Client has Worksites and in which Worksite Employees will work. Client is solely responsible for Worksite safety of Client's invitees, guests, independent contractors and other third parties. Client will allow TotalSource's workers' compensation carrier access to audit Client's Worksites upon reasonable prior notice and during regular business hours.

N. Assignment of Worksite Employees. Client will not assign any Worksite Employee to work as an employee for any other company, even if such company is within the same control group of Client, without the knowledge and consent of TotalSource.

2. FEES, TAXES & PAYMENTS.

A. Fees & Costs. Client shall pay TotalSource the amounts indicated on the Pricing Addendum, Client Benefit Election Form ("CBE") and related employee benefits invoices, and any Additional Services Document. Except as stated in this Section 2, TotalSource will not change the fees and costs invoiced to and payable by Client during the Initial Term, including the rates used to determine the Service Fee (as such term is described in the Pricing Addendum). Following the Initial Term, TotalSource may adjust the fees and costs invoiced to and payable by Client (including, without limitation, the rates used to determine the Service Fee) upon thirty (30) days prior written notice. TotalSource reserves the right to adjust the rates used to determine the Service Fee at any time, including during the Initial Term, under the following scenarios: (i) there is a change or an assessment related to federal, state and local taxes; (ii) Client hires individuals who should be classified in workers' compensation codes different from Client's current workers' compensation codes; (iii) the information Client provided TotalSource before executing this Agreement (e.g., gross payroll, workers' compensation classification codes) changed from the time TotalSource gave Client a quote; or (iv) a Worksite Employee is misclassified for workers' compensation coverage purposes by either TotalSource or Client, or TotalSource's workers' compensation carrier requests a classification code change, provided that (a) unless the misclassification was caused by gross negligence or willful misconduct, TotalSource will adjust the Service Fee on a prospective basis only, (b) if the misclassification is due to the gross negligence or willful misconduct of TotalSource, and the misclassification resulted in Client paying more to TotalSource than would have been due absent such misclassification, TotalSource will adjust the Service Fee in accordance with the appropriate classification code(s) retroactive to the later of the beginning of the policy year or the Effective Date of this Agreement, and (c) if the misclassification is due to the gross negligence or willful misconduct of Client, and the misclassification resulted in Client paying less to TotalSource than would have been due absent such misclassification, TotalSource will adjust the Service Fee in accordance with the

appropriate classification code(s) retroactive to the later of the beginning of the policy year or the Effective Date of this Agreement and will invoice Client accordingly. The pricing set forth in the CBE will adjust with the applicable benefit plan or insurance policy renewal or anniversary date. TotalSource shall retain any Section 125 tax savings as part of its fee to offset operating costs.

B. Payment Terms. Client agrees to pay TotalSource no later than forty-eight (48) hours prior to Client's regularly scheduled payroll date. Client agrees to pay by Automatic Clearing House ("ACH") debit transfer and agrees to complete the necessary forms so payment can be processed. Client agrees to have sufficient funds in its designated bank account to satisfy any amounts then due to TotalSource. TotalSource, in its sole discretion, may require Client to pay any invoice through pre-wire transfer funds, certified or cashier's check, or other means. Without limiting the foregoing, should Client's payroll exceed one and one half times Client's immediate prior payroll, TotalSource may require Client to pay the invoice through pre-wire transfer funds. Without limiting the foregoing, upon termination of this Agreement, TotalSource will require Client to pay its final payroll by pre-wire transfer funds. If Client fails to pay any amount due, after written notice, Client shall pay interest at the rate of 1.5% per month (or the maximum allowed by law if less) on such past due amount from the due date thereof until the payment date. Client shall reimburse TotalSource for any expenses incurred, including interest and reasonable attorneys' fees in collecting amounts due. Client agrees that if it fails to pay an invoice when due, TotalSource has the discretion to cease any or all Services and TotalSource may pay Client's owners and/or officers the FLSA or state minimum wage or salary instead of the regular wage or salary.

C. Taxes. In addition to employment and payroll-related taxes, all invoices will include sales taxes levied or based on the Services provided pursuant to this Agreement. Client shall be responsible for the payment and administration of any federal, state and local business-related taxes including any sales or service tax that Client may be required to collect and remit.

D. Cessation of Business; Receivership; Bankruptcy of Client.

- i. Client agrees to give TotalSource fourteen (14) days notice of its intent to make an assignment for the benefit of creditors, file for relief under Chapter 11 of the U.S. Bankruptcy Code, seek the appointment of a receiver or cease to operate its business. Client recognizes that a critical protection granted to TotalSource is its ability to terminate this Agreement without prior notice to Client in the event of Client's breach, as more fully set forth in Section 14 of these Terms and Conditions, without which protection TotalSource may require additional security by Client to ensure Client's performance.
- ii. Client agrees that once it files a voluntary petition under Chapter 11 of the United States Bankruptcy Code or an involuntary petition is filed against it, it will: (i) immediately notify TotalSource of such filing; (ii) immediately seek to obtain permission from the Bankruptcy Court to pay any amounts owed on account of prepetition and post petition wages owed to the Worksite Employees and to TotalSource, including TotalSource's Service Fee; and (iii) provide TotalSource with adequate protection of performance by Client under this Agreement. In connection with any bankruptcy, TotalSource may, at its sole discretion, require the funding of payroll by the Client in advance by pre-wire transfer funds, the posting with TotalSource of a deposit or letter of credit, or other method as determined by TotalSource sufficient to cover any loss that TotalSource may sustain as a result of Client's failure to meet its payment obligations under the Agreement. Client agrees to execute any document requested by TotalSource in order to effectuate TotalSource's request under this paragraph D of this Section 2.

3. INSURANCE.

A. Client Insurance Requirements. Client shall maintain the following insurance: (i) Commercial general liability insurance coverage for all premises, completed operations, and products which relate to Worksite Employees, including blanket contractual liability coverage or contractual liability coverage specifically covering this Agreement; (ii) Comprehensive automobile liability insurance (including any personal injury protection required by any applicable state's "no-fault" laws) covering bodily injury and property damage resulting from a Worksite Employee's use of Client-owned, non-owned, or hired vehicle; (iii) Any specialized liability insurance pertaining to the nature of Client's business (e.g., marine liability insurance) as is customary for Client's industry or as required by law; (iv) Employee dishonesty (fidelity) and computer crime coverage (for losses arising out of or in connection with any fraudulent or dishonest acts committed by Worksite Employees, acting alone or in collusion with others) and (v) workers' compensation coverage for any Non-Worksite Employee or Client shall require any Non-Worksite Employee, its independent contractors, and subcontractors to maintain workers' compensation insurance coverage and will keep certificates of insurance documenting such coverage and provide evidence of such coverage to TotalSource upon request. Client agrees that it will obtain the above insurance policies with a minimum limit of \$500,000 per occurrence (or such other amounts as TotalSource reasonably requires), which names TotalSource as an additional insured on such policies, and gives TotalSource thirty (30) days written notice before cancellation of any such policies. All such insurance coverage will be primary in the event of an occurrence for which both Client and TotalSource have insurance coverage, and any TotalSource insurance will be excess and non-contributory. Client agrees to give TotalSource a certificate of insurance



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indicating the above coverages when TotalSource reasonably requests. Client also agrees that it will promptly notify TotalSource in writing in the event any of its insurers materially modify the terms of any insurance discussed herein.

B. Employment Practices Liability Insurance. Client acknowledges that the insurance carrier may deny coverage if Client fails to satisfy the deductible (retention) or comply with the terms of the EPLI policy.

4. RETIREMENT AND INCENTIVE COMPENSATION PLANS.

Client may sponsor and maintain its own qualified or nonqualified retirement plans and incentive compensation plans (including equity-based compensation plans), provided that Client complies with the provisions outlined in this Section 4. Client shall be considered the employer, for purposes of this Section 4, of any Worksite Employee who is a participant or beneficial recipient of any Client sponsored plan.

A. Section 401(k) Plan. If Client sponsors its own Section 401(k) plan ("Client's 401(k) Plan"), Client will be solely responsible for ensuring that the Worksite Employees do not exceed the annual Internal Revenue Code Section 402(g) elective deferral limit ("Elective Deferral Limit") if Client's 401(k) Plan includes a Roth feature. Client will also be solely responsible for aggregating each Worksite Employee's pre-tax Section 401(k) plan deferrals with any Roth post-tax contributions made for purposes of determining whether the Elective Deferral Limit has been exceeded. Client agrees to notify TotalSource when a Worksite Employee has reached the Elective Deferral Limit. Client is solely responsible for calculating any contributions that may be permitted under Client's 401(k) Plan.

B. Equity-Based Compensation. Client retains the exclusive right to grant stock or stock options or other equity-based compensation to Worksite Employees, to sponsor stock purchase plans and to determine the economic value of the labor performed. TotalSource shall process related plan payments or contributions upon written request; however, Client is solely responsible and liable for such plan payments and contributions. Client is also solely responsible for determining the appropriate tax treatment of such payments and contributions and disclosing same to TotalSource. Client has the exclusive right to determine the economic value of the services performed by Worksite Employees (including wages and the number of units and value of stock compensation or other equity-based compensation granted). Consistent with the provisions of Part 1, Section I. B. of this Agreement, Client shall have a right to hire, terminate and control the activities of Worksite Employees. It is the intent of the parties that the above provisions shall be applied consistent with FASB Accounting Standards Codification (ASC) 718 – Compensation – Stock Compensation ("FASB ASC 718") such that any Worksite Employee who receives stock compensation or other equity-based compensation from Client shall be deemed an employee of Client under FASB ASC 718; provided that TotalSource shall have no liability or obligation with respect to any financial statement or other disclosures related thereto.

5. SCREENING AND SELECTION SERVICES.

A. Screening Services. The following additional terms and conditions apply to the Screening Services:

i. General. SASS is neither acting as an agent of Client nor making hiring decisions for or on behalf of Client. All consumer inquiries as to decisions based on Screening Reports are to be addressed by Client.

ii. Screening Credentialing. Client will be granted access to certain of the Screening Services only after Client passing credentialing. Additional credentialing may be required from time to time, including, but not limited to, for access to credit reports and motor vehicle records, as applicable.

iii. Screening Reports. Client is solely responsible for ensuring its own compliance with applicable laws and regulations in requesting, using, and maintaining Screening Reports, and for maintaining Screening Reports sufficient to comply with Client's document retention policies. Client will have access to the Screening Reports through SASS's online ordering system for at least one year from the applicable order date. ADP will not deliver copies of Screening Reports to Client once such Reports are no longer available within the Screening Services background screening site or after termination of this Agreement, except as required by law. ADP will follow reasonable quality assurance procedures with respect to preparing Screening Reports. However, because the information contained in Screening Reports is obtained from third party sources, including, without limitation, and by way of example only, former employers, courts, and motor vehicle departments, SASS is not responsible for any errors or omissions in such third-party information.

iv. Client understands and agrees that it shall do the following:

a) Review the Notice to Users of Consumer Reports: Obligations of Users under FCRA ("Notice to Users"), available at www.adpselect.com/lgl/docs/FCRANotices.pdf, and perform the legal obligations set forth in the Notice to Users.

b) Request, use, and maintain Screening Reports in a manner consistent with applicable laws and regulations, as well as Client's own hiring and document retention policies.

c) Use the information provided by SASS for one-time use, solely for Employment Purposes (the "Permissible Purpose") in accordance with applicable laws and regulations.

d) Before requesting any Screening Report from SASS, make a clear and conspicuous disclosure to the individual who is the subject of the Screening Report (the "Consumer") that a Screening Report may be obtained for the Permissible Purpose, making such disclosure in writing and in a document consisting solely of the disclosure.

e) If a Screening Report constitutes an "investigative consumer report," as defined by the FCRA, make a clear and accurate disclosure to the Consumer, as required by 15 U.S.C. § 1681d(a)(1), including, without limitation, a copy of the CFPB Summary of Your Rights Under FCRA, as applicable. "CFPB Summary of Your Rights Under FCRA" means the document prepared pursuant to 15 U.S.C. § 1681g titled "A Summary of Your Rights Under the Fair Credit Reporting Act", a copy of which as of the Effective Date is available at the following URL: <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>. Further, upon written request by the Consumer within a reasonable period of time after such Consumer's receipt of the disclosure required by 15 U.S.C. § 1681d(a)(1), timely make a complete and accurate written disclosure to such Consumer of the nature and scope of any investigation requested.

f) Obtain written authorization from the Consumer for each Screening Report prior to requesting any Screening Report and retain such written authorization.

g) Ensure full compliance with the FCRA and all other applicable laws and regulations.

h) If Client forms an intent to take an adverse action, based in whole or in part on any information contained in a Screening Report obtained from SASS, Client must provide (prior to taking the intended adverse action) proper additional notices to the Consumer, including, without limitation, a copy of the Screening Report obtained, a copy of the CFPB Summary of Your Rights Under FCRA, and any other documentation required by the FCRA or any other applicable law or regulation. After providing such additional pre-adverse action notice, Client shall provide the Consumer a reasonable opportunity to dispute information contained in a Screening Report prior to Client's making a final adverse hiring decision or taking any other adverse action based on any information contained in a Screening Report. If Client then decides to take a final adverse action, based in whole or in part on any information contained in a Screening Report obtained from SASS, Client will provide such additional notices required under the FCRA and any other applicable law or regulation, which shall include, at a minimum: (1) the name, address and telephone number of SASS; (2) a statement that SASS did not make the adverse decision and is not able to explain why the decision was made; (3) a statement setting forth the Consumer's right to obtain a free disclosure of the Screening Report from SASS if the Consumer makes the request within 60 days; and (4) a statement setting forth the Consumer's right to dispute directly with SASS the accuracy or completeness of any information in the Screening Report.

i) Take all measures to ensure that Screening Reports are requested, accessed, and/or viewed only by Client's designated representatives, with the understanding that Client may disclose information within any Screening Report.

j) Be responsible for the final verification of the Consumer's identity and for the security and dissemination of the customer number provided to Client.

k) Ensure that Client's designated representative(s) do not attempt to obtain any Screening Report on themselves or on any other person, except in the exercise of their official duties.

l) Not resell any Screening Report or any of the information contained in a Screening Report.

v. Notice of Changes. Client agrees to notify SASS in writing within 10 days of any changes to Client's company name, federal tax identification number, address, telephone number, contact person, sale or closure of business, merger, change in ownership of 50% or more of the stock or assets of Client, or any change in the nature of Client's business that would in any way affect Client's right to request and receive Screening Reports.

vi. Client Certifications. Client certifies and covenants to each of the following certifications, obligations, and covenants and certifies to each of the following as of the time it orders the relevant Screening Report related to a Consumer in the



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United States: (i) Client certifies that it will use the Screening Reports and information contained therein only for the Permissible Purpose. Relatedly, Client certifies that it will not use the Screening Report or information therein for any other purpose; (ii) Client certifies that it has read the Notice to Users and that it has read and understands Client's obligations under the FCRA, as well as the possible penalties for requesting Screening Reports under false pretenses or without a permissible purpose; (iii) Client agrees not to place an order for or otherwise request a Screening Report unless (1) it has provided to the applicable Consumer a clear and conspicuous disclosure in writing, in a document consisting solely of the disclosure, that a consumer report may be obtained for the Permissible Purpose and (2) such Consumer has authorized in writing the procurement of the Screening Report. Client, therefore, certifies that, prior to placing any order for a Screening Report, it will provide the required disclosures to the Consumer and receive the required authorizations from such Consumer in accordance with the FCRA, including, but not limited to, in compliance with 15 U.S.C. § 1681b(b)(2); (iv) Client certifies that it will comply with the pre-adverse and adverse action notice requirements contained in 15 U.S.C. §§ 1681b(b)(3) and 1681m, if it is considering taking an adverse action against a Consumer; (v) Client certifies that it will not use information from any Screening Report in violation of any applicable laws or regulations, including, but not limited to, any applicable federal or state equal employment opportunity law or regulation; (vi) Client agrees that the action of placing an order for or otherwise requesting a Screening Report constitutes an affirmative certification to SASS as to the Consumer in question, and that by placing an order for or otherwise requesting a Screening Report, Client is certifying as to the Consumer in question that: (1) Client has provided the Consumer a clear and conspicuous disclosure in writing, in a document consisting solely of the disclosure, that a consumer report may be obtained for Employment Purposes; (2) that the Consumer has authorized in writing the procurement of the Screening Report; (3) if applicable, it will comply with 15 U.S.C. § 1681b(b)(3) (Client's pre-adverse action obligations); and (4) no information in the Screening Report will be used in violation of any applicable laws or regulations, including, but not limited to, any applicable federal or state equal employment opportunity law or regulation; (vii) Client agrees not to place an order for or otherwise request a Screening Report that constitutes an "investigative consumer report," as defined by the FCRA, unless it has provided a clear and accurate disclosure to the Consumer, as required by 15 U.S.C. § 1681d(a)(1), including without limitation a copy of the CFPB Summary of Your Rights under FCRA, as applicable. Client, therefore, certifies that prior to placing any order for a Screening Report that constitutes an "investigative consumer report," as defined by the FCRA, it will provide the required disclosures to the Consumer and receive the required authorizations from the Consumer in accordance with the FCRA, including, but not limited to, in compliance with 15 U.S.C. § 1681d(a); (viii) Client certifies that for any Screening Report constituting an "investigative consumer report," as defined by the FCRA, it will provide additional disclosures as required by 15 U.S.C. § 1681d(b). Specifically, Client certifies that it will comply with 15 U.S.C. § 1681d(b) by timely making a complete and accurate written disclosure to the Consumer of the nature and scope of any investigation it requests, upon request made by the Consumer within a reasonable period of time after receipt of the disclosure required by 15 U.S.C. § 1681d(a)(1); and (ix) Client agrees that by placing an order for or otherwise requesting a Screening Report that constitutes an "investigative consumer report," as defined by the FCRA, the action of placing the order or otherwise requesting such a Screening Report constitutes an affirmative certification as to the Consumer in question, and that Client is, therefore, certifying as to the Consumer in question, that: (1) it has provided to the Consumer the written disclosures for investigative consumer reports, as required by 15 U.S.C. § 1681d(a)(1), including without limitation a copy of the CFPB Summary of Your Rights under the FCRA, as applicable; and (2) if applicable, it will comply with the additional disclosure requirements imposed by 15 U.S.C. § 1681d(b).

- vii. Client Alerts and Education. Client understands that from time to time SASS may provide information regarding laws and regulations applicable to users of Screening Reports, including, but not limited to, information pertaining to a user's legal obligations under the FCRA and other applicable laws and regulations. Client understands and agrees that any information provided by SASS, including, but not limited to, information available for reference on "The Guide" at www.adpselect.com, is provided for educational purposes only and is not legal advice. Client understands and agrees that any samples of forms, whether provided in paper form or through a screening data collection tool, are samples only and client is responsible for the content. The Screening Services do not include any legal, financial, regulatory, benefits, accounting or tax advice. Client understands and agrees that it should review all applicable laws and regulations and consult with experienced counsel for legal advice.
- viii. Client Compliance. Client understands and agrees that it (and not SASS) is solely responsible for ensuring compliance with all laws applicable to Users of

- Screening Reports, including, but not limited to, the disclosure and authorization requirements imposed by 15 U.S.C. § 1681b(b)(2), the disclosure requirements imposed by 15 U.S.C. § 1681d(a)-(b), the pre-adverse action notice obligations imposed by 15 U.S.C. § 1681b(b)(3), and the adverse action notice obligations imposed by 15 U.S.C. § 1681m. Client understands and agrees that it, and not SASS, will be solely responsible for (i) how it uses the Screening Services to comply with its legal and regulatory requirements and (ii) the consequences of any instructions that it gives to SASS, including as part of the initial set-up and implementation of the Screening Services.
- ix. Substance Abuse Testing. To the extent substance abuse testing services and medical services in the United States only are included in connection with the Screening Services, SASS will provide such substance abuse testing services and medical services via a vendor that specializes in the applicable industry. Further, as part of the substance abuse testing services, required medical reviews of the substance abuse testing services will be provided by a medical review officer (MRO), who will be engaged, as needed, by such vendor or its subcontractor. MRO services will be provided in accordance with applicable laws and regulations.
 - x. Screening Compliance Review. Within 10 days following SASS's request, Client shall make available for SASS's review such records as SASS deems necessary to determine that Client is in compliance with applicable laws and regulations relating to the Screening Services and the Agreement ("Screening Compliance Review"), which records may include, without limitation, Consumer and vendor authorizations/consents, but shall not include Client's financial records. Client's cooperation with Screening Compliance Reviews is essential to and required for the continued provision of the Screening Services. If either (i) Client fails to cooperate with SASS in the conduct of a Screening Compliance Review or (ii) SASS determines that Client has failed to comply with any laws or regulations applicable to the Screening Services, SASS may, in its sole discretion and upon notice to Client, immediately suspend or terminate the Screening Services.
 - xi. Client Contact. Prior to the commencement of SASS's provision of Screening Services, Client shall designate in writing to SASS the name or names of one or more persons who will service as SASS's designated contact for the Screening Services (the "Client Contact"). Client agrees that the Client Contact has, and shall at all times have, the requisite authority to (i) transmit information, direction, and instructions on behalf of Client and (ii) issue, execute, grant, or provide any approvals (other than amendments to this Agreement), requests, notices, or other communications required or permitted under this Agreement or requested by SASS in connection with the Screening Services.
 - xii. Client and SASS shall each comply at all times with its obligations under any data protection legislation applicable to it in any specific country (a "Privacy Law"), whether or not deriving from the General Data Protection Regulation (EU) 2016/679 ("GDPR"). In the event and to the extent of any conflict between the terms and conditions of this Section and applicable law, the provision(s) of applicable Privacy Law shall govern. In order for SASS to provide the Screening Services hereunder, Client shall provide SASS with personal information pertaining to Client employees and former employees as well as beneficiaries, agents consultants, contractors, vendors, candidates and other individuals whose personal information is needed in connection with the Screening Services ("Data Subjects"). "Affiliate" means, with respect to any entity, any other entity that controls, is controlled by or under control with such first entity. For purposes of this Agreement, "control" (or variants of it) means the ability, whether directly or indirectly, to direct the management and action of an entity by means of ownership, contract or otherwise. Client represents and warrants that this personal information has been collected in accordance with applicable Privacy Laws and that it has the authority to provide such data to SASS for processing as contemplated by this Agreement. Each of Client and Client's Affiliates acts as the "Controller" (as defined in the GDPR), and each of SASS and its Affiliates and subcontractors providing Screening Services act as the "Processor" (as defined in the GDPR). In its capacity as the Controller and also on behalf of its Affiliates (each as a Controller with respect to its employees), Client confirms that it is duly empowered to grant SASS and SASS' Affiliates and subcontractors, each as a Processor, the right to access and process Data Subjects' personal information for the purposes of this Agreement so that each such Client Affiliate shall be considered as having directly empowered SASS and each SASS Affiliate or subcontractor. Client and its Affiliates, as the respective Controller(s), shall determine the purposes of collecting, processing, and otherwise using personal information of the Data Subjects and SASS shall process such information only in accordance with the Sales Order or other pricing documentation and reasonable instructions received from Client from time to time in connection with the Screening Services. SASS shall at all times have implemented appropriate operational, technical and organizational measures that are reasonably designed to protect personal information received from Client against accidental or unlawful destruction, alteration or unauthorized disclosure or access. Such measures shall ensure a level of security appropriate to the risks represented by the processing and the nature of the data to be protected having regard to the state of the art and the cost of implementation. In order to perform the Screening Services, personal



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information may be processed (including access and hosting) by SASS, its Affiliates or its subcontractors (collectively, “Subprocessors”) in countries that do not have laws that have been deemed adequate by the European Commission, including USA, Australia, Tunisia, the Philippines and India, provided SASS and its Affiliates have implemented reasonable safeguards to protect personal information with regard to all such processing, and provided further that: (a) SASS shall exercise appropriate due diligence in selecting Subprocessors and remain responsible for the quality of the Screening Services and the Subprocessors’ compliance with the Privacy Laws applicable to data processors; (b) at Client’s request, SASS shall provide Client with reasonable information as to (i) the identity of the Subprocessors and the applicable main data flows, and (ii) the actions and measures SASS has undertaken to comply and monitor compliance with the provisions of the Privacy Laws applicable to the Subprocessors; and (c) where required by Privacy Laws and in consultation with Client, SASS and Client shall take the necessary measures to allow lawful transfers of personal information to Subprocessors, including by using agreements containing standard contractual clauses or other documents or mechanisms approved by the relevant data protection authorities. SASS shall provide Client with all reasonable information necessary to allow Client to obtain any applicable data transfer authorization in connection with the Screening Services. Client, as Data Controller, shall cooperate with SASS to ensure a timely deployment of the documentation necessary to ensure the lawful processing of the personal information in all countries where the Screening Services are, or are requested to be, provided. SASS shall be entitled to suspend the relevant Screening Services and be excused from performance, if the adequate documentation for lawful data processing is not complete. In order to enable Client to fulfil its duties under the applicable Privacy Law, SASS will, within a reasonable time of receipt, notify Client of any complaint, inquiry or request (including access requests made pursuant to Privacy Laws) related to Client’s or SASS’ obligations under applicable Privacy Laws. SASS will provide Client, at Client cost, with reasonable cooperation and assistance and provide such information as may be reasonably required for the purpose of responding to Data Subjects or otherwise in order to enable Client to comply with its duties under Privacy Law in relation to such complaints, inquires and/or access requests.

B. Additional Terms.

- i. SASS will abide by all of the provisions of the FCRA as they pertain to the obligations of SASS acting as a consumer reporting agency. The Screening Services are being provided solely at Client’s request and instruction and Client acknowledges that neither TotalSource nor SASS are acting as an agent of Client nor making any hiring decisions for or on behalf of Client. Client acknowledges and agrees that ADP receives its information directly from certain furnishers (“Sources”). Further, at times, Sources will require Client to complete specific documents (“Source Documents”) prior to providing the end user, Client, with their services (ultimately, the Sources’ information).
- ii. SASS will follow reasonable quality assurance procedures with respect to obtaining Reports hereunder. However, Client recognizes that information within such Reports is obtained and managed by fallible sources and neither TotalSource nor SASS guarantees nor ensures the accuracy or depth of information provided.
- iii. Prior to the commencement of the Screening Services, Client shall designate in writing to TotalSource the name or names of one or more persons who shall serve as SASS’ designated contact for the Screening Services (the “Client Contact”). Client hereby represents and warrants to TotalSource and SASS that the Client Contact has, and shall at all times have, the requisite authority to (i) transmit information, directions and instructions on behalf of Client and (ii) issue, execute, grant, or provide any approvals (other than amendments to this Agreement), requests, notices, or other communications required or permitted under this Agreement or requested by TotalSource or SASS in connection with the Screening Services.
- iv. Client will have access to the Reports for at least one year from the order date (unless such shorter period is otherwise communicated by ADP, TotalSource or SASS). Client is solely responsible for maintaining Reports sufficient to comply with Client’s hiring and/or document retention policies. Neither ADP, TotalSource nor SASS will deliver copies of Reports to Client once such Reports are no longer available within the SASS background screening site or after termination of this Agreement, except as required by law.
- v. Within 10 days following either TotalSource’s or SASS’ request, Client shall make available for review such records as either TotalSource or SASS deem necessary to determine that Client is in compliance with applicable laws and regulations relating to the Screening Services (“Compliance Review”), which records may include, among other things, Consumer (as such term is defined below) and vendor consents, but shall not include Client’s financial records. Client’s cooperating with this Compliance Review is essential to continued provision of the Screening Services. If either (i) Client fails to cooperate with TotalSource and SASS in the conduct of a Compliance Review or (ii) if as part

of a Compliance Review, TotalSource or SASS determine that Client has failed to comply with any applicable laws and regulations applicable to the Screening Services, TotalSource and/or SASS may, in its sole discretion and upon notice to Client, immediately suspend or terminate the Screening Services.

- vi. The Screening Services may be performed by ADP affiliates located in other countries, and ADP may transfer or permit access to Client’s Confidential Information (as such term is defined below) for the purposes of performing the Screening Services outside of the United States of America. Notwithstanding the foregoing, ADP will remain responsible for any unauthorized disclosure or access of Client’s employees’ or applicant’s personal information by any ADP affiliate in the performance of any such Screening Services.
- vii. Client and not TotalSource nor SASS will be responsible for (i) how it uses the Screening Services to comply with its legal and regulatory requirements and (ii) the consequences of any instructions that it gives to TotalSource and/or SASS, including as part of the initial set-up and implementation of the Screening Services, any samples of forms, whether provided in paper form or through a screening data collection tool, are samples only and Client is responsible for the content, provided TotalSource and SASS follows such instructions.
- viii. The liability of ADP, TotalSource and SASS under this Agreement for damages under any circumstances for claims of any type or character arising from or related to the Screening Services will be limited in each instance to the amount of actual damages incurred by Client, provided however, that in no event will the aggregate liability hereunder of ADP, TotalSource and SASS during any calendar, as it relates to liability arising from or related to the Screening Services, exceed twelve (12) times the average monthly fee paid by Client for the Screening Services during such calendar year. In accordance with Part 2, Section 17.N, in no event will either party be responsible for special, indirect, incidental, consequential or other similar damages in connection with the Screening Services, even if it has been advised.
- ix. Client acknowledges that ADP, TotalSource, SASS and their respective affiliates are relying on the representations and warranties made by Client, as set forth in this Part 2, Section 5, in order to provide Client with access to the Screening Services. The suppliers and vendors of ADP, TotalSource, and SASS who assist in providing Client with the Screening Services are intended to be third party beneficiaries, and as such, may also rely on the same representations and warranties made by Client and may also enforce the same disclaimers and limitations against Client as ADP, TotalSource, and SASS may under this Agreement

6. Time and Labor Management.

B. Use of Time and Labor Management.

- i. Client agrees that it will use Time and Labor Management and any related hardware in accordance with the terms of this Agreement and any online or shrink-wrap terms or license, or other accompanying documentation made available to Client by TotalSource, its affiliates, agents, or its licensors.
- ii. Client will use Time and Labor Management solely for its own internal and proper business purposes and will not sell, lease, allow access to or otherwise provide Time and Labor Management or any portion thereof, to any third party, including any competitor of TotalSource and TotalSource’s affiliates and licensors.
- iii. Client may access Time and Labor Management through the Site (as such term is defined in Part 2, Section 13.B) in order to input information relating to the Worksite Employees’ time and attendance and related information. TotalSource does not review the accuracy or completeness of any submissions to the Site made by Client or the Worksite Employees. Client is solely responsible for the submission of information relating to the use of Time and Labor Management and for verifying the accuracy and completeness of such information submitted by Client or the Worksite Employees.
- iv. Client will be responsible for any use Client may make of Time and Labor Management and any related hardware to assist Client in complying with applicable laws and regulations affecting Client’s business.
- v. Time and Labor Management is intended for use by Worksite Employees based in the United States and to permit the transmission of data from within the United States. Time and Labor Management may not be used or accessed from outside the United States or in any way that violates any applicable international, federal, state or local laws and/or regulations.

C. Biometric Services.

i. Definitions:

- a) “**Biometric Data**” includes the information collected by timeclocks and software that use finger and/or hand scan technology, which potentially may include Biometric Identifiers and Biometric Information.
- b) “**Biometric Identifier**” means a retina or iris scan, fingerprint, voiceprint, or scan of hand or face geometry.
- c) “**Biometric Information**” means any information, regardless of how it is captured, converted, stored, or shared, based on an individual’s biometric identifier used to identify an individual.



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- “Biometric Services”** means services provided by TotalSource to Client via the use of timeclocks and software in connection with TotalSource’s provision of Time and Labor Management, to the extent such timeclocks or software collect, store or use Biometric Data.
- d) **“Biometric User”** means Client’s employees or independent contractors who use Biometric Services to record their attendance, hours worked or other work-related data.
- ii. Biometric Services are optional. In certain jurisdictions, there are laws and regulations that govern the collection, use, and retention of biometric information, which potentially may apply to Client’s use of Biometric Services. To the extent Client elects to use Biometric Services, Client agrees to comply with all such potentially applicable laws and regulations and acknowledges receipt of the ADP “Employer Toolkit; Biometric Time Clocks – What You Need to know” which is available at <https://www.adp.com/-/media/adp/no-cache/tos/adp-client-biometrics-toolkit.pdf>. In the event Client is unwilling to comply with laws and regulations potentially applicable to Biometric Services, Client will be able to continue to use Time and Labor Management without Biometric Services. The following terms and conditions apply to Biometric Services to the extent Biometric Services are part of the scope of Services:
- a) **Requirements for Receipt of Biometric Services.** Before any Client or Biometric User is permitted to use any Biometric Services in a jurisdiction where laws and regulations potentially govern such use, Client will comply with the following requirements, in addition to any other requirements imposed by potentially applicable law (to the extent there is a conflict between the requirements below and the requirements of potentially applicable law, Client will comply with potentially applicable law):
1. **Client Biometric Information Policy.** Client will implement, distribute and make available to the public, a written policy establishing Client’s policy with respect to the use of Biometric Data. Such policy will include:
 - A. a retention schedule and guidelines for permanently destroying Biometric Data;
 - B. a commitment to destroy Biometric Data when the initial purpose for collecting or obtaining such Biometric Data has been satisfied or within 3 years of the individual’s last interaction with Client, whichever occurs first; and
 - C. any additional requirements as required by potentially applicable law.
 2. **Biometric User Notice and Consent.** Client will provide notice to and procure and retain appropriate consents or releases from Biometric Users in the manner and to extent the same are required by potentially applicable law, including:
 3. **Retention and Purging of Biometric Data.** Client will work with TotalSource to ensure that Biometric Data is retained and purged in accordance with potentially applicable law. To the extent necessary for the purging or deletion of such Biometric Data, Client agrees to provide timely notification to TotalSource of the termination of the employment, or the satisfaction of the purpose for which Biometric Data was collected with respect to any given Biometric User. TotalSource is not responsible for Client’s failure to provide timely notification of the termination of the employment, or the satisfaction of the purpose for which Biometric Data was collected with respect to any given Biometric User.
 4. **Storage of Biometric Data in Timeclocks.** Client agrees that it shall use a reasonable standard of care consistent with potentially applicable law to store, transmit and protect from disclosure any Biometric Data. Such storage, transmission, and protection from disclosure shall be performed in a manner that is the same as or more protective than the manner in which Client stores, transmits and protects from disclosure other confidential and sensitive information, including personal information that can be used to uniquely identify an individual or an individual’s account or property, such as genetic markers, genetic testing information, account numbers, PINs, driver’s license numbers and social security numbers.
- b) **Third Party Beneficiary:** Notwithstanding anything to the contrary in the Agreement, Client agrees that TotalSource and licensor of any applicable Biometric Services (and their respective successors and assigns) are third party beneficiaries of this Agreement solely as it relates to Biometric Services.
- c) **Additional Termination Provisions for Biometric Services.** If TotalSource determines that Client has failed to comply with any potentially applicable laws and regulations applicable to the Biometric Services, TotalSource may, in its sole discretion and upon notice to Client, immediately suspend or terminate the Biometric Services.
- D. Pricing; Taxes**
- i. The fees and costs for Time and Labor Management are provided in the Pricing Addendum and shall not be adjusted by TotalSource during the Initial Term. Following the Initial Term, TotalSource reserves the right to adjust such fees and costs in accordance with Part 2, Section 2.A.
 - ii. In addition to the fees and costs for Time and Labor Management, Client will be invoiced for any applicable taxes (e.g., sales tax).
- E. Limitation of Liability.** The liability of TotalSource under this Agreement for damages under any circumstances for claims of any type or character arising from or related to Time and Labor Management (including, use of any hardware) will be limited in each instance to the amount of actual damages incurred by Client, provided however, that in no event will the aggregate liability hereunder of TotalSource during any calendar year, as it relates to liability arising from or related to Time and Labor Management, exceed twelve (12) times the average monthly fee paid by Client for Time and Labor Management during such calendar year. As provided in Part 2, Section 17.N, in no event will TotalSource be liable or responsible for special, indirect, incidental, consequential or other similar damages in connection with the Time and Labor Management.
- 7. Enhanced Talent Suite.** In the event Client elects to use Enhanced Talent Suite then in addition to the terms set forth in this Agreement, the provisions provided in this Part 2, Section 7 shall apply.
- A. Use of Enhanced Talent Suite.**
- i. Client will use Enhanced Talent Suite solely for its own internal and proper business purposes and will not sell, lease, allow access to or otherwise provide Enhanced Talent Suite or any portion thereof, to any third party, including any competitor of TotalSource.
 - ii. TotalSource will not be deemed to be involved with any evaluation of job candidates or compensation decisions in connection with Client’s use of Enhanced Talent Suite.
 - iii. Client is responsible for compliance with all state and federal laws applicable to its use of Talent Suite.
- B. Pricing; Taxes**
- i. The fees and costs for Enhanced Talent Suite are provided in the Pricing Addendum and shall not be adjusted by TotalSource during the Initial Term. Following the Initial Term, TotalSource reserves the right to adjust such fees and costs in accordance with Part 2, Section 2.A.
 - ii. In addition to the fees and costs for Enhanced Talent Suite, Client will be invoiced for any applicable taxes (e.g., sales tax).
- C. Limitation of Liability.** The liability of TotalSource under this Agreement for damages under any circumstances for claims of any type or character arising from or related to Enhanced Talent Suite will be limited in each instance to the amount of actual damages incurred by Client, provided however, that in no event will the aggregate liability hereunder of TotalSource during any calendar year, as it relates to liability arising from or related to Enhanced Talent Suite, exceed twelve (12) times the average monthly fee paid by Client for Talent Suite during such calendar year. As provided in Part 2, Section 17.N, in no event will TotalSource be liable or responsible for special, indirect, incidental, consequential or other similar damages in connection with the Enhanced Talent Suite.
- 8. Application Programming Interface.** In the event Client elects to use API then in addition to the terms set forth in this Agreement, the provisions provided in this Part 2, Section 8 shall apply.
- A. Use of API.**
- i. For Client to be eligible to use API, Client must have developer resources who are familiar with HTTP, REST, JSON and OAuth and who can utilize the API(s) once made available to Client. Further, Client must provide certificate signing request to TotalSource and create middleware utilizing TotalSource’s custom API access.
 - ii. Client will use the API(s) to access its information only.
 - iii. Client is only authorized to access the API(s) provided to Client in connection with this Agreement.
 - iv. Client agrees that it will not (a) use the API(s) to transmit spam or other unsolicited email; (b) take any action that may impose an unreasonable or disproportionately large load on the TotalSource infrastructure, as



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determined by TotalSource; or (c) use the API(s) in any way that threatens the integrity, performance or reliability of the TotalSource services or TotalSource infrastructure.

- v. TotalSource may limit the number of requests that Client can make to the ADP API Gateway to protect its system or to enforce reasonable limits on Client's use of the API(s).
- vi. Specific throttling limits may be imposed and modified from time to time by TotalSource.

B. Limitation of Liability. The liability of TotalSource under this Agreement for damages under any circumstances for claims of any type or character arising from or related to API will be limited in each instance to the amount of actual damages incurred by Client, provided however, that in no event will the aggregate liability hereunder of TotalSource exceed the fee paid by Client for API during the three (3) months prior to the time at which the damages arose. As provided in Part 2, Section 17.N, in no event will TotalSource be liable or responsible for special, indirect, incidental, consequential or other similar damages in connection with the Enhanced Talent Suite.

9. EMPLOYMENT VERIFICATION SERVICES

A. Employment Verification Services; Employee Authorized Disclosure.

To the extent that Client is utilizing Employment Verification Services the following additional terms and conditions apply to the Employment Verification Services and Employee Authorized Disclosure:

i. **Employment Verification Services.** Client authorizes ADP and its subcontractors through which Employment Verification Services are performed (“**Verification Agents**”) to disclose, on Client's behalf, employment and income information (“**Verification Data**”), to commercial, private, non-profit and governmental entities and their agents (collectively, “**Verifiers**”), who wish to obtain or verify any of Client's employees' (or former employees') Verification Data. Verification Data will be disclosed to Verifiers who certify they are entitled to receive such data (as described below) pursuant to the Fair Credit Reporting Act (“**FCRA**”), and, in the case of income information requests, who additionally certify they have a record of the employee's consent to such disclosure or who utilize a salary key. In accordance with FCRA, Verification Data may be provided to Verifiers where (i) the employee has applied for a benefit (such as credit, other employment or social services assistance); (ii) the employee has obtained a benefit and the Verifier is seeking to (a) determine whether the employee is qualified to continue to receive the benefit; and/or (b) collect a debt or enforce other obligations undertaken by the employee in connection with the benefit; or (iii) the Verifier is otherwise entitled under FCRA to obtain the Verification Data. In certifying they have a record of the employee's consent, Verifiers generally rely on the employee's signature on the original application as authorization for the Verifier to access the employee's income data at the time of the application and throughout the life of the obligation. Client understands that Verifiers are charged for commercial verifications processed through ADP or its Verification Agents.

a. **Data Quality.** If requested by ADP, Client agrees to work with ADP during implementation to produce a test file and validate the Verification Data included in the Verification Services database using validation reports made available by ADP or its Verification Agents. If Client uses ADP's hosted payroll processing services, ADP will update the Verification Services database with the applicable Verification Data available on ADP's payroll processing system.

b. **Notice to Furnishers of Information: Obligations of Furnishers of Information** (“**Notice to Furnishers**”). Client certifies that it has read the Notice to Furnishers provided to Client at the following URL: https://files.consumerfinance.gov/f/201504_cfpb_summary_your-rights-under-fera.pdf. Client understands its obligations as a data furnisher set forth in such notice and under FCRA which include duties regarding data accuracy and investigation of disputes and certifies it will comply with all such obligations. Client further understands that if it does not comply with such obligations, ADP may correct incorrect Verification Data on behalf of Client or terminate the Employment Verification Services upon 90 days prior written notice to Client.

c. **Archival Copies.** Notwithstanding anything to the contrary in the Client Service Agreement, Client agrees that, after the termination of the Client Service Agreement, ADP and its Verification Agents may maintain archival copies of the Verification Data as needed to show the discharge and fulfillment of obligations to Client's employees and former employees. If ADP and its Verification Agents maintain archival copies of the Verification Data then the Verification Data will be maintained consistent with the Confidentiality provision of the Client Service Agreement.

ii. **Employee Authorized Disclosure.** ADP may disclose or use Personal Information of a Client's employee where such employee requests and consents to the

disclosure for the employee's personal benefit (e.g., to verify an employee's identity in connection with a bank account application).

10. Work Opportunity Tax Credit Services.

A. Provision of WOTC Services. Upon request from an eligible client, ADP, Inc. (“**ADP**”), an affiliate of TotalSource, will provide Client with screening and processing services designed to help Client identify and capture tax credits for which it may be eligible pursuant to the United States federal Work Opportunity Tax Credit (“**WOTC**”) program, as more fully described in this section (the “**WOTC Services**”). The WOTC Services will be provided by ADP through an environment hosted by or on behalf of ADP in the United States. All WOTC screening and related activities will occur and be provided exclusively through ADP's integrated, electronic screening method, and unless otherwise specified by ADP, all WOTC-related forms will be electronically signed by or on behalf of Client and its applicants and employees, as applicable. For the avoidance of doubt, and notwithstanding anything to the contrary contained herein, the WOTC Services do not include any audit assistance, audit defense or audit support services.

B. Client Obligations.

i. Client acknowledges that WOTC is a voluntary program, and job applicants are not required to complete the WOTC screening as a condition to job application or employment. Client further acknowledges that participating job applicants who agree to complete the screening must be screened for eligibility on or before the day the applicant is offered employment. Client is solely responsible for causing its participating job applicants to screen for WOTC eligibility on or before the day the applicant is offered employment with Client.

ii. Client will provide its job applicants with secure electronic access to the applicable ADP Application Program(s) made available by ADP to enable the screening of such job applicants for WOTC eligibility. Client will use and access (and cause its job applicants and employees to use and access) the WOTC Services and related ADP Application Program(s) solely from and within the United States unless ADP otherwise consents in writing in its sole discretion.

iii. Client will assist its job applicants and employees, as applicable, in completing all required WOTC forms.

iv. To the extent necessary or appropriate for the proper provision of the WOTC Services, Client will: (a) cooperate with ADP upon request; (b) timely provide ADP with all requested data, information and documentation; (c) timely execute and deliver all documents, instruments and forms required by ADP in connection with procuring qualification for any tax credits for Client under the WOTC program for the duration of the WOTC Services and any applicable post-termination period described herein; and (d) use the WOTC Services in accordance with all reasonable instructions and policies established and communicated by ADP from time to time. In furtherance of and not in limitation of the foregoing, Client will: (1) upon ADP's request, timely execute and deliver to ADP appropriate powers of attorney in favor of ADP (and/or ADP's designated employees) or similar instruments as required by applicable governmental agencies or authorities; (2) provide all required forms to ADP for submission to the applicable governmental agencies on behalf of Client promptly upon hiring an eligible applicant; and (3) ensure that ADP receives all required payroll and other applicable data for Client's eligible employees.

C. ADP Obligations.

i. ADP will provide Client with non-exclusive, secure electronic access to the applicable ADP Application Program(s) that will (a) assist Client in screening its job applicants for WOTC eligibility and (b) allow Client's job applicants to upload and provide certain eligibility and/or supporting documentation directly to ADP during their completion of the WOTC pre-screening questionnaire.

ii. ADP will submit the following to the applicable governmental agencies on Client's behalf: (a) those completed WOTC forms for eligible employees that are timely received by ADP; and (b) any applicable eligibility and/or supporting documentation for such eligible employees received by ADP, but only if and to the extent such eligible employees submitted the same directly to ADP through the ADP Application Program while completing the WOTC pre-screening questionnaire as part of Client's job application/recruiting process. For the avoidance of doubt, and notwithstanding anything the foregoing or anything to the contrary contained herein, ADP will not be required to respond to, forward to or notify Client about, or otherwise process or handle any need or document follow-up requests, denials, or other similar correspondence received by ADP on Client's behalf from any governmental agency in connection with the WOTC Services.

iii. ADP will calculate the applicable WOTC tax credit amounts based upon eligible wages of eligible employees as reported to ADP by or on behalf of Client.



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iv. ADP will provide Client with one or more reports summarizing the WOTC tax credits realized by Client in connection with the WOTC Services.

- D. Flash Signature.** ADP intends to offer to Client and its job applicants, as a prerequisite to Client's receipt and continued use of the WOTC Services, the ability to digitally or electronically sign ("**Flash Signature**") certain WOTC-related forms and documents. Client will cooperate with ADP as reasonably requested to implement and utilize Flash Signature (including, without limitation, providing one or more duly authorized Client signatures for use). ADP may, at any time upon notice to Client, terminate, suspend or limit Flash Signature if ADP determines in its reasonable discretion that all or any portion of Flash Signature is not permitted, or is reasonably likely to be limited or prohibited, by the United States Internal Revenue Service, Department of Labor, any state workforce agency, or other applicable governmental agency or regulatory authority.
- E. Disclaimer.** ADP does not guarantee that any tax credits or other savings or benefits will be obtained by Client as a result of the WOTC Services. Further, ADP is not a tax preparer and is not responsible or liable for Client's federal, state or local tax returns, and the WOTC Services do not constitute or include legal, accounting, tax or financial advice.
- F. Pricing.** ADP's fees for the WOTC Services are included in the per employee, per month fees set forth in the Pricing Addendum. In addition to such fees, Client will be invoiced for any applicable taxes (e.g., sales tax), and Client will also pay ADP directly, or will reimburse ADP for, any fees and other costs required by any governmental or other agency in connection with applying for or obtaining tax credits or other benefits pursuant to the WOTC Services (if applicable).
- G. Limitation of Liability.** The liability of ADP under this Agreement for damages under any circumstances for claims of any type or character arising from or related to the WOTC Services will be limited in each instance to the amount of actual damages incurred by Client, provided however, that in no event will the aggregate liability hereunder of ADP, as it relates to liability arising from or related to the WOTC Services, exceed Two Thousand Five Hundred U.S. Dollars (\$2,500.00) per calendar year. In accordance with Part 2, Section 17.N, in no event will TotalSource, ADP, or Client be responsible for special, indirect, incidental, consequential or other similar damages in connection with the WOTC Services, even if it has been advised of the possibility thereof.
- H. Post-Termination Services and Fees.** Client acknowledges that it may receive WOTC certifications from governmental agencies subsequent to the termination or expiration of the Agreement and/or the WOTC Services. Unless the Agreement and/or WOTC Services are terminated by ADP for cause, ADP agrees to provide Client access to the applicable ADP system or portal for a one (1) year period following the termination or expiration of the Agreement and/or WOTC Services (the "**Post-Termination Period**") for the sole purpose of allowing Client to obtain information regarding such WOTC certifications received post-termination by ADP on Client's behalf. Upon expiration of such one (1) year post-termination period, ADP will have no further obligation to make any WOTC certification information, or any other information, available to Client in connection with the WOTC Services. Client is not authorized to, and represents and agrees that it will not, utilize any ADP Application Program or other ADP system or portal to screen job applicants for WOTC eligibility post-termination. Further, Client acknowledges and agrees that, notwithstanding anything to the contrary contained herein, following any termination or expiration of the Agreement and/or the WOTC Services, Client will be solely responsible (to the exclusion of ADP) for calculating applicable WOTC tax credit amounts. ADP may, in its discretion, charge Client a one-time administration fee in the amount of \$150.00 for the post-termination services described in this paragraph. Any such post-termination services provided by ADP will be subject to the terms and conditions of the Agreement as if the Agreement had not terminated or expired.

11. CONFIDENTIALITY.

The parties agree that each will treat as confidential, proprietary and trade secret any information identified by the other as confidential, including all Client information and data and Worksite Employee information ("Confidential Information"). The parties will also cause their employees, officers, directors, owners, advisors, agents and affiliates that receive Confidential Information to comply with this confidentiality provision and applicable federal, state and local information security and privacy laws. Notwithstanding the foregoing, the receiving party may disclose Confidential Information of the disclosing party to the extent necessary to comply with any law, rule, regulation or ruling applicable to it; as appropriate to respond to any summons, court order or subpoena or in connection with any litigation; and to its attorneys, accountants, and other representatives with a need-to-know, provided that the disclosing party will cause the third party to comply with the confidentiality

obligations contained in this Agreement. The parties agree that this Agreement and all TotalSource materials (including all TotalSource Products, as defined below, and any sales proposals) used to perform the duties of this Agreement are Confidential Information. Each party agrees to implement and maintain commercially reasonable measures and policies to physically and electronically protect Confidential Information. Upon termination of this Agreement, TotalSource and Client agree to promptly return Confidential Information and intellectual property of the other. Notwithstanding the foregoing, TotalSource may retain information for regulatory purposes or in back-up files, provided that TotalSource's confidentiality obligations hereunder continue to apply. Client agrees that TotalSource may use Client's and/or Client's Worksite Employees' and participants' information for purposes other than performance of the Services, but only in an aggregated, anonymized form, such that neither Client nor Client's Worksite Employees or participants may be identified. Client further agrees that it shall have no ownership interest in the foregoing aggregated, anonymized data. Confidential Information does not include information in the public domain. The parties specifically acknowledge that money damages alone may not be an adequate remedy for any damage suffered as a result of a breach of this provision and, therefore, an injunction or similar relief in law or equity may be appropriate to enforce this provision. The obligations of this Section shall survive for a period of two (2) years from the effective date of termination of this Agreement.

12. PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY.

A. Client's Intellectual Property; Content.

- i. The parties acknowledge that Client is the owner of intellectual property created by Worksite Employees during the term of this Agreement relating to Client's business. Client, as owner of the intellectual property, is solely responsible for ensuring its intellectual property is protected and for the payment of any associated costs and fees. TotalSource is not responsible for, and will have no liability for, any costs, fees, damages, or losses relating to Client's intellectual property or any failure by Client to protect or exploit Client's intellectual property.
- ii. "Client Content" shall mean (i) all payroll, human resource and similar information provided by Client or its agents or Worksite Employees, including transactional information, (ii) Client's trademarks, trade names, service marks, logos and designs and (iii) any other information or materials provided by Client, regardless of form (e.g., images, graphics, text, etc.). The following provisions shall apply with respect to Client Content:
 - a. Client shall be solely responsible for updating and maintaining the completeness and accuracy of all Client Content.
 - b. Client shall be responsible for obtaining all required rights and licenses to use and display all Client Content in connection with the Services. Client hereby grants and represents that it has the right to grant to TotalSource a non-exclusive, non-transferable license to use, edit, modify, adapt, translate, exhibit, publish, reproduce, copy (including backup copies) and display the Client Content as reasonably necessary to provide its Services.
 - c. Client and the Worksite Employees shall not include or provide to TotalSource for inclusion in any website provided by TotalSource (including, the TotalSource Front End Payroll Processing Platform a/k/a My TotalSource) any Client Content which is obscene, offensive, inappropriate, threatening, malicious, which violates any applicable law or regulation or any contract, privacy or other third party right or which otherwise exposes TotalSource to civil or criminal liability. TotalSource reserves the right to exclude or immediately remove from any website it provides Client access to any Client Content which it determines in its sole discretion violates the previous sentence, provided that TotalSource has no obligation to review or monitor the Client Content.
 - d. Client shall only provide TotalSource with Client Content that is required to perform the Services. To the extent Client elects to provide TotalSource with Client Content beyond that which is required to perform the Services, Client will be solely responsible for the collection and processing of such data.

B. TotalSource's Intellectual Property. All TotalSource Products, as defined below, licensed or provided to Client, are the licensed and/or owned property of, and embody the proprietary trade secret technology of, TotalSource, its parent company, its affiliates and/or its licensor(s). The TotalSource Products are protected by copyright laws, international copyright treaties, as well as any Intellectual Property Rights TotalSource may have, including those that prohibit the unauthorized use and copying of any TotalSource Products. "Intellectual Property Rights" means all (i) trademarks, service marks and names, including all trademark and service mark registrations; (ii) copyrights, copyright registrations and copyright applications; (iii) patent rights, including issued patents, applications, divisions, continuations, continuations-in-part, reissues, patents of additions, utility models and inventors' certificates; (iv) trade secrets, proprietary information, know-how, processes, inventions, inventor's notes, drawings and designs; (v) domain names, and (vi) goodwill associated with any of the foregoing. Client receives no rights to any TotalSource Products or any intellectual property of TotalSource, its parent company, its affiliates or its licensors, except as expressly stated herein. For purposes of this Agreement, "TotalSource Products" is defined as all computer programs, software, hardware, including time clocks, P.C. entry



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systems, and related documentation, such as tutorials and training manuals (whether online or in-person training), made available to Client by TotalSource, ADP, Inc, their affiliates or their licensor(s). Under this Agreement, TotalSource's license to Client for use of the TotalSource Products, including any Application Programs, is a personal, non-exclusive, non-transferable license for the term of this Agreement, provided that it is only used for Client's business, only for the term of this Agreement, and only for the purposes of this Agreement. At no additional cost unless otherwise indicated in this Agreement or any attachments, and subject to the license described in this Section, TotalSource will provide Client with improvements, enhancements, modifications, and updates to the Application Programs if and as they are made generally available by TotalSource. Client agrees to use the current release of the TotalSource Products on the hardware indicated by TotalSource. Client agrees not to make any alteration, change, or modification to any of the TotalSource Products or Application Programs. Client agrees not to recompile, decompile, disassemble, reverse engineer, or make or distribute any other form of, or any derivative work, related to, the TotalSource Products or Application Programs. Client may make a single archival copy of the TotalSource Products for back-up purposes only, provided that TotalSource's copyright and other intellectual property rights are noticed.

13. INFORMATION SECURITY; DATA ACCESS; PRIVACY.

A. Information Security. TotalSource and its parent company, ADP, Inc, maintain information security and safeguarding policies and employ commercially reasonable storage (including backup, archive and redundant data storage, on-site and off-site) and reasonable precautions to prevent the disclosure to an unauthorized third party, loss or alteration of Client's information, data and/or Worksite Employee information in TotalSource's possession, but TotalSource does not undertake to guarantee against any such loss or alteration. In the event that Client requests that TotalSource provide any Client or Worksite Employee or plan participant information to any third party or to any non-U.S. Client location, Client represents that it has acquired any consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state or local laws and/or regulations. TotalSource reserves the right to request additional consents or documentation regarding any release of Client or Worksite Employee information to a third party or to any non-U.S. Client location.

B. Data Access, Transmissions, and Information Security Breaches. Certain TotalSource Products and Services may be provided through and accessed by Client and Worksite Employees through the Internet at a website provided by TotalSource (including, without limitation, the TotalSource Front End Payroll Processing Platform), including those hosted by TotalSource on behalf of Client ("Site"). To the extent any Services are provided through the Internet, such Services are referred to as "Internet Professional Employer Services." Client acknowledges that TotalSource is not responsible for information submitted by Client or Worksite Employees through the Site and absolves TotalSource of any liability for any claims arising from Client or Worksite Employee information submitted through the Site. Client and its Users are responsible for maintaining the security and confidentiality of any password, User ID, or other form of user authentication involved in obtaining access to the Application Programs, and Client and its Users shall not disclose any confidential account access credentials or related information to Unauthorized Third Parties. "Unauthorized Third Party" means any third party that seeks to access or accesses TotalSource Application Programs using the account credentials (e.g., username and password) of a User even if such User has provided consent. In the event TotalSource suspects any unauthorized access to, or use of, the Services or TotalSource Application Programs, TotalSource may suspend access to the Services to the extent TotalSource deems necessary to preserve the security of TotalSource, Client or User's data. In addition, Client acknowledges that security of transmissions over the Internet cannot be guaranteed. TotalSource is not responsible for (i) Client's or Worksite Employees' access to the Internet; (ii) interception or interruptions of communications through the Internet; or (iii) changes or losses of data through the Internet. Each party will be responsible for complying with all requirements of applicable law or regulation regarding information security including information security breaches involving Client's information, data files and Worksite Employees' information that is stored on the computer systems of such party or its affiliates or vendors.

C. Links to Third Party Sites. The Site(s) may contain links to other Internet sites. Links to and from the Site to other third party sites do not constitute an endorsement by TotalSource, ADP, Inc or any of their subsidiaries or affiliates of such third party sites or the acceptance of responsibility for the content on such sites.

D. Privacy. TotalSource and Client agree to abide by all applicable federal, state and local privacy laws with respect to information regarding Worksite Employees and information and data of each other, which is subject to such privacy laws, including information not deemed to be Confidential Information.

14. INDEMNIFICATION

A. General Provisions. The parties agree that the indemnification provisions contained in this Section apply to claims, expenses (including cost of investigation, court costs and reasonable attorneys' fees), or liabilities for which one of the parties is solely liable and/or for which the parties are both liable. In the event one party pays funds in connection with a claim, expense, or liability in excess of its obligation ("Paying Party"), such obligation being determined by the parties' written agreement or by a court's adjudication or other legally binding decision, the other party will indemnify and promptly pay the Paying Party for the excess amount. Further, if one party intends to make a settlement offer on a claim or lawsuit for which it also intends to seek indemnification from the other party, that party agrees to provide the other party with at least ten (10) business days' written notice prior to making such offer. In accordance with Part 2, Section 17.N, neither party will be liable to the other party for special, incidental, consequential, or punitive damages. Each party's indemnification provision survives the termination or expiration of this Agreement.

B. TotalSource's Indemnification. TotalSource agrees to indemnify, protect, defend, release, and hold harmless Client, its parent(s), subsidiaries, affiliates, directors, officers, and agents from and against any and all liability, expenses, losses, and claims for damages arising from or in connection with: (i) any actions or inactions of Worksite Employees, TotalSource Corporate Employees, TotalSource officers, directors, agents or independent contractors, in each case, while under TotalSource's direction, supervision, or control; (ii) TotalSource's breach of this Agreement; or (iii) TotalSource's negligent, fraudulent, willful, or reckless performance or non-performance of any of its responsibilities described in this Agreement.

C. Client's Indemnification. Client agrees to indemnify, protect, defend, release, and hold harmless TotalSource, its parents, subsidiaries, affiliates, directors, officers, benefit plans and agents from and against any and all liability, expenses, losses, and claims for damages arising from or in connection with: (i) any actions or inactions of Worksite Employees, Client's officers, SEI's, directors, agents, or independent contractors, in each case, while under Client's direction, supervision, or control; (ii) Client's breach of this Agreement; or (iii) Client's negligent, fraudulent, willful, or reckless performance or non-performance of any of the responsibilities described in this Agreement.

15. TERMINATION; DEFAULT; REMEDIES UPON DEFAULT.

A. Termination; Default. Client or TotalSource may terminate this Agreement at any time, including during the Initial Term, for any reason upon at least thirty (30) days prior written notice. Either party may terminate this Agreement immediately and without prior notice for Cause, as defined below. Cause as it relates to the right of either party to terminate this Agreement immediately and without prior notice includes the following: (i) the other party's material violation of law; (ii) the other party's material breach of this Agreement; or (iii) the other party filing for relief under the Bankruptcy Code, seeking the appointment of a receiver or trustee, or dissolving the entity. Cause as it relates solely to the right of TotalSource to terminate this Agreement, immediately and without prior notice to Client, includes the following: (i) Client's non-payment of any amount due to TotalSource; (ii) Client's material adverse change in financial position or operations; (iii) Client's inability to pay debts as they become due in the ordinary course of business; (iv) Client's assignment of Worksite Employees to operations which contain a workers' compensation code different from that disclosed to TotalSource prior to the execution of this Agreement without TotalSource's prior consent; (v) TotalSource receives notification from the bank from which TotalSource debits Client's account that such bank is no longer willing, for any reason, to originate debits and credits; (vi) Client's termination of its authorization to allow TotalSource to debit Client's account; or (vii) failure of Client to pay the EPLI deductibles (retention). The effective date of termination of this Agreement shall be the last day of the last payroll period for which TotalSource received full payment from Client in the event TotalSource terminates this Agreement for any of the following reasons: (i) Client's non-payment of any amount due to TotalSource, including receipt of full payment as set forth in Section 2 herein; (ii) Client's material adverse change in financial position or operations; or (iii) Client's inability to pay debts as they become due in the ordinary course of business. Client understands that failure to give the required notice of termination is a breach of this Agreement and Client is responsible to pay TotalSource the Service Fee that would have been due to TotalSource for the number of days remaining in the notice period.

B. Remedies. Upon termination of this Agreement, both parties have all rights and remedies available under law, whether in law or in equity. Upon either parties' notice to terminate this Agreement and without further notice or demand to Client, TotalSource may: (i) accelerate all obligations, together with all accrued, unpaid charges, so that they are immediately due and payable and may be collected immediately regardless of the due date; and (ii) set off and deduct any amount due from any account or deposit that Client may have with TotalSource or other monies to which TotalSource may be entitled from Client (including a letter of credit). Termination of this Agreement shall not relieve Client of its obligations, including its payment obligation to TotalSource.

16. PROFESSIONAL EMPLOYER SERVICES POST-TERMINATION.

Upon the effective date of termination of this Agreement, all Services will cease and the CPEO relationship between TotalSource, Client and Worksite Employees will end.

CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 2

TotalSource will cease to be an employer of the Worksite Employees. TotalSource will cause all insurance policies and/or endorsements covering Client and Worksite Employees, including workers' compensation insurance, to terminate as of the effective date of termination except that health insurance will continue to the end of the month of termination if Client has paid the benefits invoice for that month. On the effective date of termination of this Agreement, Client becomes immediately responsible for all employer obligations including payroll, workers' compensation insurance, accrued vacation, sick leave, and employee benefits and TotalSource will provide Client with access to the information necessary to resume full employer responsibility, but only to the extent in which such information is in TotalSource's possession and control. Except as required by state law, TotalSource is not obligated to provide access to the foregoing information if the termination of this Agreement is due to Client's non-payment. Client agrees to notify the former Worksite Employees in writing about the termination of this Agreement and its effect, including the change in employment status and the fact that the Worksite Employees are no longer covered by TotalSource insurance.

17. MISCELLANEOUS.

A. Assignment; Acquisition by Client. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party. However, TotalSource may assign its rights and obligations under this Agreement to an affiliate of TotalSource or ADP, Inc without the prior written notice or consent of Client, provided that no such assignment will relieve ADP TotalSource, Inc. of its obligations under this Agreement. If Client merges with another entity, is acquired by another company, or undergoes a change of ownership or control, such action shall constitute an assignment and Client shall provide prior notice to TotalSource. In such case, TotalSource may terminate this Agreement immediately or may continue providing Services pursuant to this Agreement. In its determination of whether to continue providing Services, TotalSource may require the new entity (ies), as applicable, to undergo an evaluation process, including creditworthiness. If TotalSource decides to continue to provide its Services to Client under the new corporate structure of Client, TotalSource may require the new entity (ies), as applicable, to sign a new Client Services Agreement and/or guarantee payment to TotalSource. In the event Client determines not to continue its relationship with TotalSource, notwithstanding anything in this Agreement to the contrary, Client will continue to be obligated under Part 2, Section 15 to provide TotalSource with the proper notice of its intent to terminate.

B. Entire Agreement; Modification. Client has not been induced to enter into this Agreement by any representation or warranty not set forth in this Agreement. This Agreement and all Exhibits and Addenda contain the entire agreement of the parties with respect to its subject matter and supersede all prior writings. This Agreement shall not be modified except by a writing signed by TotalSource and Client.

C. Third-Party Beneficiaries. With respect to the Services and TotalSource Products, TotalSource suppliers, vendors and referral partners may enforce the same disclaimers and limitations against Client as TotalSource may under this Agreement. Other than TotalSource suppliers, vendors, and referral partners who are intended third party beneficiaries of this Agreement, nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. TotalSource has no obligation to any third party by virtue of this Agreement.

D. Force Majeure. Excluding any payment obligations to TotalSource as provided hereunder, any party hereto will be excused from performance under this Agreement for any period of time that the party is prevented from performing its obligations hereunder as a result of an act of God, war, utility or communication failures, or other cause beyond the party's reasonable control. Both parties will use reasonable efforts to mitigate the effect of a force majeure event.

E. Waiver. The failure of either party at any time to enforce any right or remedy available to it under this Agreement or otherwise with respect to any breach of failure by the other party shall not be construed to be a waiver of such right or remedy with respect to any other breach or failure by the other party.

F. Severability. If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of Client and TotalSource shall be construed and enforced accordingly.

G. Governing Law; Waiver of Jury Trial. This Agreement is governed by the laws of the State of New York without giving effect to its conflict of law provisions. The parties agree to waive all rights or claims to a trial by jury.

H. Use of Agents. TotalSource may designate any agent or subcontractor, without notice to, or the consent of, Client, to perform such tasks and functions to complete any Services covered under this Agreement. However, nothing in the preceding sentence shall relieve TotalSource from responsibility for performance of its duties under the terms of this Agreement.

I. Notices. All communications or notices required to be sent or given under this Agreement will be in writing and will be effective immediately if delivered in person or upon confirmation of signature recording delivery by overnight courier. In addition to the foregoing, TotalSource may also send all communications or notices required to be sent or given under this Agreement to Client by way of electronic mail ("E-mail"). A copy of all notices required under this Agreement must be sent to ADP TotalSource, Inc. at 10200 Sunset Drive, Miami, Florida 33173 Attention: Vice President – Assistant General Counsel. Notices required to be sent to Client under this Agreement that are not sent by E-mail will be sent to the address for Client indicated in the signature block of this Agreement. In the event no address for Client is indicated, the address of Client at which the professional employer services are delivered by TotalSource may be substituted.

J. Non-Hire. Client agrees not to solicit or hire for employment, directly or indirectly, any TotalSource Corporate Employee involved in the provision of services hereunder during the term of this Agreement and for a period of one (1) year subsequent to the termination or expiration of this Agreement. TotalSource agrees not to solicit for employment, directly or indirectly, Client's Worksite Employees to become TotalSource Corporate Employees during the term of this Agreement and for a period of one (1) year subsequent to the termination or expiration of this Agreement (other than general solicitations).

K. Scope of Authority. The parties acknowledge that neither is an agent of the other. Each agrees that it will not hold itself out as an agent of the other, directly or indirectly. Neither party is authorized to bind the other in any fashion (either through representations or actions) unless such act is specifically authorized and ratified by the other in writing. Client acknowledges that TotalSource may act on the behalf of Client as contemplated by this Agreement.

L. Legal Entity. Each party represents that it is a legal entity authorized to conduct business in the states where this Agreement will be performed and that the officers who sign on behalf of such party are duly authorized to enter into this Agreement.

M. Attorney's Fees and Costs. In the event of any litigation arising out of or related to this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred at all trial and appellate levels.

N. NO CONSEQUENTIAL DAMAGES. NEITHER TOTALSOURCE NOR CLIENT WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING WITHOUT LIMITATION, ANY LOST PROFITS OR DAMAGES FOR BUSINESS INTERRUPTION OR LOSS OF INFORMATION OR HARM TO REPUTATION) THAT THE OTHER PARTY OR ITS RESPECTIVE AFFILIATES MAY INCUR OR EXPERIENCE IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES OR TOTALSOURCE PRODUCTS, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

O. Survival. No termination or expiration of this Agreement affects or impairs any obligations, duties, indemnities, and liabilities of either party that, by their nature, continue beyond termination, or the rights of TotalSource relating to any unpaid obligations. Such obligations, duties, indemnities, and liabilities shall not terminate or expire, but rather survive such termination or expiration and continue in full force and effect until the longer of (i) such time as all the obligations have been paid in full or (ii) such time as is expressly provided in this Agreement.

P. Rules of Construction. In this Agreement, unless the context requires otherwise, the words "including," "include", "includes", or "included" shall be deemed to be followed by the words "without limitation".



CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 3

This Federal and State Addendum applies to the extent Client has, or may have in the future, Worksite Employees in the applicable jurisdictions listed below. The language indicated under each jurisdiction below is specifically required by law to be included in this Agreement and shall only apply with respect to Worksite Employees within the applicable jurisdiction. To the extent provisions in this Addendum conflict another provision in this Agreement, the applicable language in this Addendum shall control for the applicable jurisdiction.

UNITED STATES FEDERAL LAW

TotalSource agrees to be treated as a CPEO for purposes of 26 U.S.C. § 3511 with respect to the Worksite Employees and TotalSource shall: (a) assume responsibility for payment of wages to the Worksite Employees, without regard to the receipt or adequacy of payment from Client for such services, (b) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C of the Code, with respect to Worksite Employees' wages, without regard to the receipt or adequacy of payment from Client for such services, (c) assume responsibility for any employee benefits which this Agreement may require TotalSource to provide, without regard to the receipt or adequacy of payment from Client for such benefits, (d) assume responsibility for recruiting, hiring, and firing workers in addition to Client's responsibility for recruiting, hiring, and firing workers, and (e) maintain employee records relating to Worksite Employees. TotalSource will also (i) notify Client if this Agreement is transferred to another person (or if another person will report, withhold, or pay, under such other person's Employer Identification Number ("EIN")) any applicable federal employment taxes with respect to the wages of any individuals covered by this Agreement and provide Client with the name and EIN of such other person; (ii) notify Client if TotalSource's CPEO certification is suspended or revoked as described in 26 CFR § 301.7705-2T(n); (iii) notify Client that if any employees covered under this Agreement are not or cease to be "work site employees" (as defined in the Code) because they perform services at a location at which the 85 percent threshold described in 26 CFR § 301.7705-1(b)(17) is not met then Client may also be liable for federal employment taxes imposed on remuneration remitted by TotalSource to such employees, as described in 26 CFR § 31.3511-1(a)(3); and (iv) provide Client with the information necessary for Client to claim the following credits: (A) credit for increasing research activity (26 U.S.C. § 41); (B) Indian employment credit (26 U.S.C. § 45A); (C) credit for portion of employer social security taxes paid with respect to employee cash tips (26 U.S.C. § 45B); (D) clinical testing expenses for certain drugs for rare diseases or conditions (26 U.S.C. § 45C); (E) employee health insurance expenses for small employers (26 U.S.C. § 45R); (F) work opportunity credit (26 U.S.C. § 51); (G) empowerment zone employment credit (26 U.S.C. § 1396); and (H) any other credits specified by the Commissioner of the Internal Revenue Service. Such information may include applicant/employee data and characteristics and payroll data. Nothing contained under this heading United States Federal Law shall be construed to create any inference with respect to the determination of who is an employee or employer (1) for Federal tax purposes (other than Federal employment tax purposes) or (2) for purposes of any other provision of law. Remuneration paid by TotalSource to any SEI is not covered by 26 U.S.C. § 3511.

ALABAMA

TotalSource will maintain authority to resolve and decide Worksite Employee grievances and disputes, subject to the terms of any collective bargaining agreement which may exist. The parties agree that the term "Worksite Employee" includes officers, directors, shareholders, partners and managers of Client that are participating in the CPEO relationship. TotalSource assumes responsibility to pay wages to Worksite Employees, withhold, collect, report and remit payroll-related and unemployment taxes to the extent that Client has funded the obligations. TotalSource and Client both have the right to hire, terminate, and discipline the Worksite Employees subject to the terms of any collective bargaining agreement which may exist. TotalSource shall maintain and provide to Client at Client's request, at the time of termination of the Agreement, records regarding loss experience related to workers' compensation coverage provided by TotalSource.

ARIZONA

TotalSource shall maintain and provide to Client at Client's request at the time of termination of the Agreement, records regarding loss experience related to workers' compensation coverage provided by TotalSource.

ARKANSAS

TotalSource will maintain records regarding the premium and loss experience related to workers' compensation insurance provided to Worksite Employees. TotalSource shall maintain and provide to Client at Client's request at the time of termination of the Agreement, records regarding loss experience related to workers' compensation coverage provided by TotalSource. As provided by Arkansas Professional Employer Organization Recognition and Licensing Act, Section 23-92-411(a)(3), Client shall ensure, with the assistance of a licensed insurance producer, that any subcontractor of Client has workers' compensation coverage as required by law.

CALIFORNIA

Client hereby retains and/or assumes all civil legal responsibility and civil liability under Section 2810.3 of the Labor Code for the payment of wages to Worksite Employees, under Section 6300 of the Labor Code - the California Safety and Health Act, and for the failure to secure workers' compensation coverage. TotalSource has the obligation pursuant to Rule 4 of Section V of the California Workers' Compensation Experience Rating Plan to provide workers' compensation coverage for all Worksite Employees. The workers' compensation coverage provided to Client in accordance with the terms of this Agreement does not include coverage or defense for Serious and Willful Misconduct claims.

DISTRICT OF COLUMBIA

As of the Effective Date of the Agreement, should Client have any outstanding amounts owed to the District of Columbia's Department of Employment Services – Unemployment Compensation Office (DES), TotalSource agrees to remit to the DES Client's outstanding balance as evidenced by a Statement of Account. However, Client further acknowledges that it shall reimburse TotalSource for the total amount paid by TotalSource including, but not limited to, any owed contributions, administrative assessments, penalties and/or interest imposed by the DES against Client's UI account.

FLORIDA

Client understands that pursuant to Florida law, it may not enter into a professional employer organization (sometimes referred to as employee leasing) agreement with TotalSource if Client owes a current or prior professional employer organization any money pursuant to any service agreement which existed between the current or prior professional employer organization and Client, or if Client owes a current or prior insurer any premium for workers' compensation insurance. Client represents that it has met any and all prior premium and fee obligations with regard to workers' compensation premiums and professional employer organization payments. This representation is in addition to any representation contained in the Client Services Agreement. Under the penalty of perjury, I the undersigned to the Agreement, declare that I have read this provision and that the facts in it are true. In addition, I agree to the terms and conditions of this provision. TotalSource reserves a right of direction and control over leased employees assigned to Client's location. However, Client may retain such sufficient direction and control over the leased employees as is necessary to conduct its business, discharge any fiduciary responsibility it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the Client. TotalSource also assumes full responsibility for payment of payroll taxes and collection of taxes from payroll on leased employees. TotalSource retains a right of direction and control over the management of safety, risk, and hazard control at the Worksite affecting the Worksite Employees, including responsibility for performing safety inspections of Client equipment and premises and for the promulgation and administration of employment and safety policies. TotalSource and its assigns may conduct an annual onsite physical examination of Client's Worksite. TotalSource assumes responsibility for the payment of wages to the leased employees without regard to payments by the Client. TotalSource retains the authority to hire, terminate, discipline and reassign the leased employees. However, Client may have the right to accept or cancel the assignment of any leased employee.

GEORGIA

In the proposal process and during the term of the Agreement, TotalSource and Client have and will continue to negotiate, as necessary, over matters of time, place, type of work, working conditions, quality and price of Services. TotalSource has the right to determine and set the rate of pay for the Worksite Employee whether or not through negotiations with Client.

IDAHO

TotalSource retains the authority to hire, terminate, discipline and reassign Worksite Employees. However, Client, if it accepts the responsibility for its action, may have the right to accept or cancel the assignment of any Worksite Employee. Upon the Effective Date of the Agreement, should Client have any outstanding amounts owed to the State's unemployment compensation agency, TotalSource agrees to remit to said agency Client's outstanding balance as evidenced by any applicable invoice or statement of account. However, Client further acknowledges that it shall reimburse TotalSource for the total amount paid by TotalSource including, but not limited to, any owed contributions, administrative assessments, penalties and/or interest imposed by the agency against Client's UI account.

INDIANA


TotalSource shall maintain and provide to Client at Client's request at the time of termination of the Agreement, records regarding loss experience related to workers' compensation coverage provided by TotalSource. TotalSource has the right to determine and set the rate of pay for the Worksite Employee whether or not through negotiations with Client. TotalSource assumes responsibilities for unemployment insurance coverage under both state and federal law on behalf of Client.

KANSAS

TotalSource and Client assume the responsibilities required by the provisions of section 1 through 11, and amendments thereto, of the State of Kansas Professional Employer Organization Registration Act ("Act"). In addition to Client's right to hire, discipline and terminate a Worksite Employee, TotalSource shall have a right to hire, discipline and terminate a Worksite Employee only as may be necessary to fulfill TotalSource's responsibilities under the provisions of the Act or this Agreement. TotalSource shall have the responsibility to pay wages to Worksite Employees, to withhold, collect, report and remit payroll-related and unemployment taxes and, to the extent TotalSource has assumed such responsibility in this Agreement, to make payments for employee benefits for Worksite Employees. Wages do not include any obligation between Client and a Worksite Employee for payments beyond, or in addition to, the Worksite Employee's salary, draw or regular rate of pay, such as bonuses commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off, unless TotalSource has expressly agreed to assume liability for such payments in this Agreement.

LOUISIANA

Client retains control over its business enterprise and exercises direction and control over the Worksite Employees as to the manner and method of work done in furtherance of the Client's business, but authority and responsibility as to other employment matters, including but not limited to hiring, firing, discipline, and compensation, are allocated to and shall be between



CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 3

TotalSource and Client. This Agreement is executed between the parties subject to the provisions of sections 1741 through 1751, Louisiana Revised Statutes (Part XXV-E, The Louisiana Professional Employer Act) and sections 23:1761 through 23:1768, Louisiana Revised Statutes (Part XII, Professional Employer Organization). This Agreement is intended to be ongoing rather than temporary.

MAINE

Should Client have any complaints regarding TotalSource then Client may report such complaints to the Superintendent of Consumer Credit Protection.

MARYLAND

A professional employer organization is an employing unit which places all or part of a Client's employees on its payroll and by written agreement assigns or leases the workers to the Client. Upon the Effective Date of the Agreement, should Client have any outstanding amounts owed to the State's unemployment compensation agency, TotalSource agrees to remit to said agency Client's outstanding balance as evidenced by any applicable invoice or statement of account. However, Client further acknowledges that it shall reimburse TotalSource for the total amount paid by TotalSource including, but not limited to, any owed contributions, administrative assessments, penalties and/or interest imposed by the agency against Client's UI account.

MASSACHUSETTS

Both TotalSource and Client are employers of the Worksite Employees and intend for both TotalSource and Client to receive exclusive remedy protection under the Massachusetts General Laws. By contracting with TotalSource Client is fulfilling its obligation to obtain workers' compensation insurance for the Worksite Employees. TotalSource represents that it is in compliance with the applicable provisions of the Massachusetts Standards for the Protection of Personal Information of Residents of the Commonwealth (201 CMR 17.00) as of the effective date of such regulations.

MICHIGAN

Mortgage brokers and/or lenders retain the ability to direct and control the activities of a professional employer organization employee for purposes of their Licensing Act (Section 2(d) (i) and (ii)). TotalSource has the right to hire, promote, reassign, discipline and terminate Worksite Employees.

MONTANA

TotalSource assumes responsibility for payment of employee wages, workers' compensation premiums, payroll related taxes and employee benefits from its own accounts without regard to payments by the client company. TotalSource retains the authority to hire, terminate, discipline and reassign Worksite Employees and Client has the right to accept or cancel the assignment of a Worksite Employee. With respect to a worker supplied to Client by TotalSource, Client shares joint and several liability for any wages, workers' compensation premiums, payroll related taxes and for any benefits left unpaid by TotalSource, and that in the event that TotalSource's license is suspended or revoked, this liability is retroactive to Client. TotalSource assumes responsibility for the payments of workers' compensation premiums, and employee benefits from its own accounts without regard to payments by Client. Client is responsible for compliance with the Montana Safety Culture Act, Title 39, Chapter 71, part 15.

NEBRASKA

TotalSource and Client assume the responsibilities required by the Professional Employer Organization Act (sections 48-2701 to 48-2711 of the Nebraska Revised Statutes). Employer responsibilities for Worksite Employees, including those of hiring, firing and disciplining, are shared between TotalSource and Client. TotalSource shall have the right to hire, discipline and terminate a Worksite Employee as may be necessary to fulfill TotalSource's responsibilities under the Professional Employer Organization Act, any state regulations, and this Agreement. Client is liable for the payment of unpaid combined tax penalties and interest owed upon wages to Worksite Employees. Worksite Employees shall be considered employees of Client for purposes of Employment Security Law. Client shall not be relieved of its obligations for workers' compensation in the event TotalSource fails to obtain workers' compensation insurance for which it has assumed responsibility. This Agreement is intended to be ongoing rather than temporary.

NEVADA

TotalSource will place all of the regular full-time employees of Client on its payroll and, for a fee, lease them to Client company on a regular basis without any limitation on the duration of employment or lease to Client five (5) or more part-time or full-time employees or 10% or more of the total number of employees within a classification of risk. Coverage for workers' compensation does not take effect until the Effective Date of the Agreement. TotalSource will pay all premiums required by the workers' compensation policy, including without limitation, any adjustments or assessments, and will be entitled to any refunds of premiums. The loss experience of Client will continue to be reported in the name of the Client to the Commissioner of the Nevada Department of Business and Industry and will be available to subsequent insurers upon request. Upon request Client must provide TotalSource's workers' compensation insurer satisfactory evidence of workers' compensation coverage for Non-Worksite Employees.

NEW HAMPSHIRE

TotalSource is the rated employer for unemployment compensation purposes at the time Client enters into this Agreement. Upon request, Client must provide TotalSource's workers' compensation insurer satisfactory evidence, as determined by the insurer, of workers' compensation coverage for Non-Worksite Employees. Upon termination of the arrangement,

Client shall return to its previous rate and account balance, if applicable, and shall assume a new wage base.

NEW JERSEY

TotalSource assumes responsibility for the payment of wages to each Worksite Employee without regard to payments by Client, except this requirement shall not affect the Client's obligations with respect to the payment of wages to Worksite Employees. TotalSource assumes responsibility for the payment of payroll taxes and the collection of taxes from payroll on each Worksite Employee. TotalSource retains the authority to reassign a Worksite Employee. No Worksite Employee shall be reassigned to another Client company without that Worksite Employee's consent and Client may have the right to accept or cancel the assignment of any Worksite Employee. TotalSource shall, except for newly established business entities, hire its initial employee complement from among employees of the Client at the time of execution of the Agreement at comparable terms and conditions of employment as are in existence at the Client's jobsite at the time of execution of the Agreement and as designated by the Client. Throughout the term of the Agreement, the Worksite Employees shall be considered employees of TotalSource and Client and upon the termination of the Agreement, the former Worksite Employees shall be considered employees of the Client. Clients with collective bargaining agreements in place shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of Client to bargain in good faith in connection with such collective bargaining agreements shall not be affected in any manner by this Agreement. TotalSource and Client shall each retain a right of direction and control over management of safety, risk and hazard control at the work site or sites affecting each Worksite Employee including: responsibility for performing safety inspections of Client equipment and premises; responsibility for the promulgation and administration of employment and safety policies; and responsibility for the management of workers' compensation claims, the filings thereof, and procedures related thereto. Upon termination of the CSA, Client shall retain the experience balance, liabilities, and wage credits for the Client's employing unit account; Client's federal employer identification number (FEIN) shall become the primary FEIN on the employing unit's account.

NEW YORK

TotalSource assumes responsibility for the withholding and remittance of payroll related taxes and employee benefits for which TotalSource has contractually assumed responsibility from its own account. TotalSource expressly assumes the rights and responsibilities required by 31-922, Laws of New York which require a Professional Employer Organization (PEO) contract to set forth the responsibilities and duties of the professional employer organization and of the client company; describe the type of services to be rendered by the professional employer organization and the respective rights and obligations of the professional employer organization and the client company; and that the professional employer organization reserves a right of direction and control over the Worksite Employees. TotalSource expressly agrees to co-employ Client's Worksite Employees. This Agreement is intended to be ongoing rather than temporary.

NORTH CAROLINA


TotalSource agrees not access or request from Client any confidential information belonging to a client of Client and TotalSource will implement policies to prevent such access or disclosures. Nothing in this Agreement shall be construed to require conduct that is contrary to North Carolina accountancy laws and rules. Employment responsibilities not allocated to TotalSource by Client or Section 58-89A-100 of the North Carolina Professional Employer Organization Act, remain with Client. Client retains a right of direction and control over the adoption of employment policies. Client understands that pursuant to North Carolina law, it may not enter into a professional employer organization (sometimes referred to as employee leasing) agreement with TotalSource if Client owes a current or prior professional employer organization any money pursuant to any service agreement which existed between the current or prior professional employer organization and Client, or if Client owes a current or prior insurer any premium for workers' compensation insurance. Client represents that it has met any and all prior premium and fee obligations with regard to workers' compensation premiums and professional employer organization payments. This representation is in addition to any representation contained in the Client Services Agreement. Under the penalty of perjury, I the undersigned, declare that I have read this provision and that the facts in it are true. In addition, I agree to the terms and conditions of this provision. Upon termination of the Agreement, if requested by Client, TotalSource will provide records regarding the loss experience related to workers' compensation insurance if provided to Worksite Employees pursuant to the Agreement. Employment responsibilities not allocated to TotalSource by this Agreement or Article 89A (the professional employer organization licensing statute) remain with the Client.

NORTH DAKOTA

TotalSource has the right to hire, discipline, and terminate a Worksite Employee as may be necessary to fulfill its responsibilities under the Agreement.

OHIO

The Client Services Agreement may not terminate without cause prior to the one (1) year anniversary of the Effective Date of the Client Services Agreement. This Agreement is intended to be ongoing rather than temporary in nature and Worksite Employees are intended to be assigned to Client on a permanent basis. Client affirms that within thirty (30) days of the effective date of hiring its first Worksite Employee who works in Ohio, Client will submit an application to obtain an Ohio workers compensation policy and provide TotalSource with the Certificate of Ohio Workers' Compensation issued by the Ohio Bureau of Workers'



CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 3

Compensation (OH BWC) upon receipt. Client will be responsible for any non-coverage penalties issued by the OH BWC as a result of a delayed application.

OKLAHOMA

TotalSource shall make payments for employee benefits for covered Worksite Employees to the extent TotalSource has assumed responsibility in the Client Services Agreement. At termination, if requested, TotalSource will provide Client with records regarding the experience related to worker's compensation insurance provided to covered Worksite Employees.

PENNSYLVANIA

TotalSource and Client assume the responsibilities required by the State of Pennsylvania Professional Employer Organization Act ("Act"). Client shall be entitled to exercise all rights, and shall be obligated to perform all duties and responsibilities, otherwise applicable to an employer in an employment relationship. Unless otherwise expressly agreed to in this Agreement, Client shall retain the exclusive right to direct and control the Worksite Employees as necessary to conduct its business, to discharge its responsibilities or to comply with licensure requirements applicable to Client or the Worksite Employees. TotalSource shall be entitled to exercise only those rights, and obligated to perform only those duties and responsibilities, specifically required by the Act or set forth in this Agreement. The rights, duties and obligations of TotalSource as a co-employer with respect to any Worksite Employee shall be limited to those arising pursuant to this Agreement and the Act during the term of co-employment by TotalSource of the Worksite Employee. TotalSource shall have the responsibility to pay wages to Worksite Employees, to withhold, collect, report, and remit payroll-related taxes and unemployment taxes; and, to the extent TotalSource has assumed such responsibility, to make payments for employee benefits for the Worksite Employees. As used in this paragraph, the term "wages" does not include any obligation between Client and a Worksite Employee for payments beyond or in addition to the Worksite Employee's salary, draw or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless TotalSource has expressly agreed to assume liability for these payments in this Agreement. Nothing in the Act or in this Agreement shall relieve Client from compliance with the Commonwealth's wage and labors laws, including the act of May 13, 1915 (P.L.286, No.177), known as the Child Labor Law, the act of August 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing Wage Act, the act of July 14, 1961 (P.L.637, No.329), known as the Wage Payment and Collection Law, and the act of January 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act of 1968. If Client is a health care facility as defined in section 2 of the act of October 9, 2008 (P.L.1376, No.102), known as the Prohibition of Excessive Overtime in Health Care Act, Client shall comply with that act. TotalSource shall not knowingly engage in or assist in the violation of the statutes referenced herein. TotalSource shall have a right to hire, discipline and terminate a Worksite Employee as necessary to fulfill its responsibilities under the Act and this Agreement.

SOUTH CAROLINA

TotalSource and Client agree that for the purposes of the South Carolina Code of Laws, Title 42, Workers' Compensation, the jurisdiction of the Client is the jurisdiction of TotalSource and its workers' compensation insurer. TotalSource agrees that TotalSource and its workers' compensation insurer are bound by and subject to the awards, judgments, or decrees rendered against them under the provisions of South Carolina Code of Laws, Title 42, Workers' Compensation. TotalSource and Client agree that insolvency, bankruptcy, or discharge in bankruptcy of TotalSource or Client does not relieve TotalSource, Client, and their respective workers' compensation insurers from payment of compensation for disability or death sustained by an employee during the life of a workers' compensation insurance policy. Notice to or acknowledgement of the occurrence of an injury on the part of Client is notice to or knowledge on the part of the licensee and its workers' compensation insurer. TotalSource assumes the responsibility to pay wages without regard to payments by Client. TotalSource reserves the right to reassign Worksite Employees. TotalSource retains a right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures. TotalSource is in a co-employment relationship with Client and is licensed and regulated by the South Carolina Department of Consumer Affairs. Any questions or complaints regarding ADP TotalSource should be directed to the Department at P.O. Box 5757; Columbia, SC 29250-5757; www.consumer.sc.gov; 1-800-922-1594 or (803) 734-4200.

SOUTH DAKOTA

TotalSource assumes the responsibilities provided in §64:06:02:89 of the Administrative Rules of South Dakota, including the payment of wages, salaries, payroll taxes, payroll deductions, workers compensation costs, insurance premiums, welfare benefits, and retirement benefits, and preparing and filing necessary tax returns and other documents as required by state or federal law. Client represents that prior to entering into the Agreement, Client was the employer of its existing workforce. If the Agreement is terminated, TotalSource's employment of the Worksite Employees will also terminate. If a Worksite Employee terminates with Client, the Worksite Employees employment with TotalSource will also terminate. Client retains primary control over the hiring, firing, wage rates, salary increases, training, directing the day-to-day activities of the Worksite Employees. TotalSource will not manage or direct the operation of Client's business.

TENNESSEE

TotalSource and Client assume the responsibilities required by the Tennessee Professional Employer Organization Act as provided in Title 62, Chapter 43 of the Tennessee Code Annotated. TotalSource assumes responsibility for the payment of wages, payroll related taxes

and employee benefits from its own accounts without regard to payments by Client. TotalSource retains the authority to reassign Worksite Employees and Client has the right to accept or cancel the assignment of any Worksite Employee.

TEXAS

PURSUANT TO §91.032(C) OF THE TEXAS LABOR CODE, CLIENT IS SOLELY OBLIGATED TO PAY ANY WAGES FOR WHICH THE OBLIGATION TO PAY IS CREATED BY AN AGREEMENT, CONTRACT, PLAN, OR POLICY BETWEEN THE CLIENT COMPANY AND WORKSITE EMPLOYEE, AND THAT TOTALSOURCE HAS NOT CONTRACTED TO PAY. THIS DOES NOT HINDER TOTALSOURCE'S ABILITY TO PROCESS PAYMENTS FOR SUCH WAGES AT THE REQUEST OR DIRECTION OF THE CLIENT. UNRESOLVED COMPLAINTS INVOLVING TOTALSOURCE OR QUESTIONS CONCERNING THE REGULATION OF STAFF LEASING SERVICES MAY BE ADDRESSED TO THE TEXAS DEPARTMENT OF LICENSING AND REGULATION AT P.O. BOX 12157, AUSTIN, TX 78711 (512) 463-6599 OR (800) 803-9202 (TEXAS). TotalSource and Client share the right of direction and control over the Worksite Employees, the right to hire, fire, discipline and reassign Worksite Employees, the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claims flings, and related procedures. Client retains sole responsibility for the direction and control of Worksite Employees as necessary to conduct Client's business, discharge any applicable fiduciary duty, or comply with any licensure, regulatory, or statutory requirements. TotalSource assumes the responsibility for the payment of wages to the Worksite Employees without regard to payment by the Client to TotalSource.

UTAH

The responsibility to obtain workers' compensation coverage for covered employees, from a carrier licensed to do business in Utah shall be allocated to Client. TotalSource shall arrange for workers' compensation coverage for Client and covered employees through an umbrella policy providing a separate endorsement for each Client company pursuant to R612-5-3.

VIRGINIA

Client acknowledges that it is obligated to comply with the insuring requirement of §65.2-801 of the Code of Virginia with respect to Client employees who are not Worksite Employees covered under the TotalSource workers' compensation policy.

Client agrees to obtain workers compensation coverage for those employees, in accordance with Virginia law.

WASHINGTON

TotalSource retains the right to control the Worksite Employees' physical conduct in the performance of his/her duties. Both TotalSource and Client are co-employers of the Worksite Employees and intend for both TotalSource (the general employer) and Client (the special employer) to receive exclusive remedy protection under the Washington's Industrial Insurance Act, Title 51 RCW. Notwithstanding Part 1, Section VI.A, TotalSource will not maintain workers' compensation coverage for those certain Worksite Employees whose primary workites are located within the State of Washington. Client shall purchase and maintain workers' compensation coverage through the Washington State Department of Labor & Industries ("WSDLI") for such Worksite Employees, owner(s) and those persons identified by Client as self-employed individuals (as such term is described in Part 1, Section II.C). TotalSource will assist Client with the maintenance of such coverage by reporting the information and submitting the payments (on behalf of Client) to the WSDLI that is required by the WSDLI to purchase and maintain workers' compensation coverage. However, the foregoing assistance provided by TotalSource is dependent upon the accurate and timely submission of information and payment by Client to TotalSource. Further, the worker's compensation claims administration described in Part 1, Section IV.K, shall not be available to claims that are subject to the workers' compensation coverage maintained by Client through the WSDLI. Client will notify TotalSource of any such claims and will also be the responsible party for reporting such claims directly to the WSDLI.

WEST VIRGINIA

Client shall retain the right to hire, discipline, and terminate Worksite Employees provided TotalSource has the right to terminate the Agreement if Client refuses without good cause a request from TotalSource that the Client discipline or terminate a Worksite Employee as may be necessary to fulfill TotalSource's statutory and or contractual responsibilities. TotalSource shall maintain and provide workers' compensation coverage for the Worksite Employees from a carrier authorized to do business in West Virginia.

WISCONSIN

Client assumes all obligations and responsibilities as provided under Chapter 202 (Professional Employer Organizations) of the Wisconsin State Statutes.

WYOMING

In accordance with § 27-3-501(a)(viii)(B) of the Wyoming Employment Security Law, TotalSource has the right to determine and set the rate of pay for the Worksite Employee whether or not through negotiations with Client. Client is responsible for submitting to TotalSource the recommended rate of pay for each Worksite Employee. TotalSource will review the rates of pay for each Worksite Employee and accept, reject, or negotiate with Client the rate of pay, to be mutually agreed upon with Client. TotalSource has the right to determine the assignment of a Worksite Employee even though the Worksite Employee retains the right to refuse a specific assignment. A Worksite Employee will not be assigned to a Client's worksite until after the individual has satisfactorily completed TotalSource pre-employment paperwork and background screens as necessary. TotalSource has the right to terminate or suspend the assignment of a Worksite Employee to a particular worksite for reasons relating to the suitability of the Worksite Employee or the suitability and safety of the



CLIENT SERVICES AGREEMENT
For TULARE LOCAL HEALTH CARE DISTRICT
PART 3

Worksite, and at any time TotalSource concludes it is necessary to terminate or suspend the assignment of a Worksite Employee for reasons relating to TotalSource's compliance with applicable laws or regulations. In the proposal process and during the term of the Agreement, TotalSource and Client have and will continue to negotiate, as necessary, over matters of time, place, type of work, working conditions, quality and price of services.



PRICING ADDENDUM
PART 1
TULARE LOCAL HEALTH CARE DISTRICT

A. Service Fee:

Explanation of Service Fee Rates

State	Workers' Comp Code	Annual Gross Payroll	Gross Payroll Portion of the Service Fee Rate	Service Fee Rate - Net*	Social Security Portion of the Service Fee Rate	Medicare Portion of the Service Fee Rate	FUTA Portion of the Service Fee Rate	SUI Portion of the Service Fee Rate**	Aggregate Service Fee Rate
CA	8810	\$251,324	100%	3.25%	6.20%	1.45%	0.90%	4.60%	116.40%
CA	9053	\$2,358,846	100%	6.42%	6.20%	1.45%	0.90%	4.60%	119.57%
TN	8810	\$85,654	100%	1.81%	6.20%	1.45%	0.60%	2.30%	112.36%
CA	8810	\$225,000	100%	1.25%	6.20%	1.45%	0.90%	4.60%	114.40%

Subject to the terms of the Agreement, the Service Fee will be determined using the rates provided in the table set forth above and will be calculated on the actual gross payroll for each payroll period. The Service Fee rate may decrease to reflect reduced payroll taxes collected with respect to Worksite Employees who have reached applicable limits for payroll taxes prescribed by law. Please note that the Annual Gross Payroll amount listed in the table set forth above is for illustrative purposes only, since the gross payroll is subject to change for each respective payroll period.

*The Service Fee Rates in this column are net of Social Security, Medicare, FUTA and SUI; however, may include, if applicable, other state and local employment based taxes.

**In addition to SUI, the rates set forth in this column may include, if applicable, other state and local employment based taxes.

Promotional Credit:

If the Effective Date of the Client Services Agreement is on or before March 31, 2023, then subject to the terms of the Agreement, the Service Fee invoiced to and payable by Client for the first two months of the Initial Term ("Promotional Period") will be determined using the rates provided in the table set forth below. Upon expiration of the Promotional Period, the Service Fee will be determined using the rates provided in the table set forth above.

Promotional Credit Rate Table

State	Workers' Comp Code	Gross Payroll Portion of the Service Fee Rate	Service Fee Rate - Net of Taxes	Social Security Portion of the Service Fee Rate	Medicare Portion of the Service Fee Rate	FUTA Portion of the Service Fee Rate	SUI Portion of the Service Fee Rate	Aggregate Service Fee Rate
CA	8810	100%	0.59%	6.20%	1.45%	0.90%	4.60%	113.74%
CA	9053	100%	4.04%	6.20%	1.45%	0.90%	4.60%	117.19%
TN	8810	100%	0.25%	6.20%	1.45%	0.60%	2.30%	110.80%
CA	8810	100%	0.59%	6.20%	1.45%	0.90%	4.60%	113.74%

B. Implementation Fee: \$ 2930.00

The Implementation Fee represents the fees and costs associated with implementing and transitioning Client onto the TotalSource platform, including:

- Management Consultation
- Payroll and Tax Conversion (with convenient Internet option)
- Worksite Employee Orientation, including training on My TotalSource, accessing benefits information, completing benefits enrollment and understanding advantages offered by TotalSource.
- Worksite Employee Education on Basic Employment Policies



PRICING ADDENDUM
PART 1
TULARE LOCAL HEALTH CARE DISTRICT

C. Additional Fees:

- Client will be charged \$ 30.00 per Worksite Employee, as a replacement fee, for each lost/stolen payroll check.
- TotalSource charges \$ 13.95 for each location for which payroll checks and/or reports are packaged, processed and delivered.
- Client will be charged a fee of \$ 30.00 for each hired Worksite Employee.
- Client will be charged \$ 100.00 in the event that the payment of its invoice is with non-sufficient funds (NSF).
- Client will be charged \$ 30.00 per payroll that is processed off-cycle.
- Client will be charged a monthly fee of \$ 10.00 per each Worksite Employee for which Client has not satisfied its obligations set forth in Part 1, Section II.E (acknowledgment of the BEP).
- TotalSource may charge Client an additional processing and handling fee each instance Client requests delivery of a printed version of its customized or revised handbook.

D. Non-ADP Client Transfers:

For all non-ADP client transfers (clients who were not receiving payroll services from ADP immediately prior to contracting with TotalSource), no later than five (5) days prior to Client's first payroll submission date, Client must provide all Worksite Employee year-to-date payroll wage and tax totals that include: (i) gross wages paid and FICA/FUTA/SUI taxes paid; and (ii) FICA and FUTA/SUI taxable wages paid for each Worksite Employee. If Client does not timely submit the information required as provided herein, Worksite Employee wage bases for the applicable taxes will be restarted at zero (0) as of the Effective Date. Regardless of the foregoing, SUI taxes will restart in the event the Worksite Employees are paid in states in which the state unemployment taxes are reported and remitted under TotalSource's state unemployment account.

E. ADP Insurance Services Clients:

Short Rate Penalty Disclosure: If you are a current ADP Insurance Services client and the cancellation date of your Workers' Compensation policy is other than the anniversary date, you may incur a short rate penalty imposed by the current insurance carrier. The short rate penalty will be calculated at final audit and is based on a percentage of the premium earned during the time the policy was in force.

F. Legal Defense Benefit and Employment Practices Liability Insurance:

• **Legal Defense Benefit:**

The amount of the Legal Defense Benefit described in Part 1, Section VIII of the Agreement is as follows:

Location of the EPLI Claim	Amount of the Legal Defense Benefit
Covered EPLI claims within the State of California	Up to \$100,000.00
Covered EPLI claims outside the State of California	Up to \$75,000.00

• **Employment Practices Liability Insurance:**

The policy limits and deductibles (retention) for the EPLI policy described in Part 1, Section VII of the Agreement are as follows:

1. Limits of Insurance:

- a. Each Client Company Sublimit: \$ 1,000,000 Each Insured Event & Annual Aggregate

2. Self-Insured Retention/Deductible for Settlements and Judgments:

- a. \$ 25,000 All States other than California
- b. \$ 100,000 California*

3. Self-Insured Retention/Deductible (Defense Costs):

- a. \$ 75,000 All States other than California
- b. \$ 100,000 California

*If a covered EPLI claim filed within the State of California results in a settlement or judgment in excess of \$50,000, TotalSource will pay on Client's behalf the remainder of the applicable Self-Insured Retention/Deductible for Settlements and Judgments for such claim if (i) the requirements for the Legal Defense Benefit set forth in Part 1, Section VIII of the Agreement are satisfied with respect to such claim such that Client is eligible for the Legal Defense Benefit at the time of the applicable settlement or judgment, (ii) Client has paid the first \$50,000 of the Self-Insured Retention/Deductible for Settlements and Judgments with respect to such claim, and (iii) the Agreement is in effect and has not been terminated by either party. In no event will TotalSource's payment towards Client's Self-Insured Retention/Deductible for Settlements and Judgments exceed \$50,000.



PRICING ADDENDUM
PART 1
TULARE LOCAL HEALTH CARE DISTRICT

G. SASS Restricted Business Certification:

In the event Client's business fits within one of the restricted business categories set forth below then Client's access to the Screening Services (as such term is defined in Part 1 of the Agreement) shall not include access to the "Employment Reference Checks" set forth in Part 2 of this Addendum. By checking this box , Client hereby certifies that it is not a restricted business.

Restricted Business Categories

- Adult entertainment service of any kind
- Attorneys of Law Firms (except collection attorneys, bankruptcy attorneys, or those attorneys who use reports solely for employment purposes)
- Check cashing
- Credit report clinic or any type of company involved in credit repair activity
- Genealogical or heir research firm
- Massage service
- Pawn shop
- Individual seeking information for their private use (for individual landlords)
- Company or individual involved in spiritual counseling
- Tattoo service
- Business that operates out of an unrestricted location within a residence
- Bail bondsman
- Credit counseling
- Financial counseling (except housing counseling agencies)
- Judgment recovery entities (other than bona fide third party collection agencies)
- Company that locates missing children
- Private detective, detective agencies or investigative companies
- Company that handles third party repossession
- Subscriptions (magazines, book clubs, record clubs, etc.)
- Insurance claims

H. Miscellaneous:

1. This Pricing Addendum which includes both Parts 1 and 2 (this "Addendum") is incorporated by reference in and is a part of that certain Client Services Agreement (the "Agreement") entered into by and between ADP TotalSource, Inc. ("TotalSource") and the other party executing this Addendum ("Client"). This Addendum need not be referenced in any instrument or document at any time referring to the Agreement.
2. Client acknowledges that it reviewed this Addendum in its entirety (i.e., Parts 1 and 2) and agrees to the pricing, terms and conditions set forth herein.
3. Capitalized terms defined in the Agreement and used in this Addendum shall have the respective meanings assigned to such terms in the Agreement, unless clearly otherwise defined in this Addendum.
4. This Addendum may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same document.
5. TotalSource and Client may each execute this Addendum using an electronic signature and such signature shall be treated in all respects as having the same effect as an original handwritten signature.



PRICING ADDENDUM
PART 1
TULARE LOCAL HEALTH CARE DISTRICT

TotalSource and Client execute this Addendum, in their respective corporate names by their duly authorized officers on the dates provided below.

Client's Legal Name : TULARE LOCAL HEALTH CARE DISTRICT

Federal I.D. Number: XXXXXXXXXXX

ADP TOTALSOURCE, INC.	
Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____



PRICING ADDENDUM
PART 2 - Elective Services
TULARE LOCAL HEALTH CARE DISTRICT

TIME AND LABOR MANAGEMENT

Subject to the terms of the Agreement and for the additional fees set forth below, upon Client's election, Client will have access to ADP's time and labor management system, Time and Labor Management. Time and Labor Management will assist Client in tracking employee hours worked, provide a time and attendance program, and also include time labor reporting.

Fee Description	Fee
Onetime Setup Fee:	\$200.00, plus \$10.00 per Worksite Employee
Time and Labor Management Service Fee:	Annualized rate of \$60.00 per Worksite Employee
Base Fee:	Annualized rate of \$360.00

- The Time and Labor Management Service Fee invoiced to and payable by Client for its use of Time and Labor Management will be based on the annualized rate of \$60.00 per Worksite Employee.
- The Time and Labor Management Service Fee will be invoiced to and payable by Client per each regularly scheduled payroll period. The amount invoiced to and payable by Client shall be the product of (x) the total number of Worksite Employees that are co-employed by Client and TotalSource during each respective payroll period, multiplied by (y) the Time and Labor Management Service Fee Rate set forth in the table provided below that corresponds to Client's payroll frequency.
- The Base Fee is an annualized rate of \$360.00, and will be invoiced to and payable by Client in addition to the Time and Labor Management Service Fee. For each regularly scheduled payroll period, Client will be invoiced the flat Base Fee set forth in the table provided below that corresponds to Client's payroll frequency.

Payroll Frequency	Time and Labor Management Service Fee Rate /WSE/Payroll Period	Base Fee
Weekly	\$1.15 per Worksite Employee	\$6.92
Biweekly	\$2.31 per Worksite Employee	\$13.85
Semi-monthly	\$2.50 per Worksite Employee	\$15.00
Monthly	\$5.00 per Worksite Employee	\$30.00

GENERAL LEDGER INFOLINK

Subject to the terms of the Agreement and for the fee of \$2000.00*, upon Clients election, TotalSource will provide Client with its General Ledger Infolink ("GLI") services. The GLI services include access to Infolink and a dedicated consultant that will work with Client to: (i) conduct an analysis; (ii) build a general ledger layout per Clients chart of accounts; and (iii) GLI support during the Term of the Agreement. If during the Term of the Agreement Client requests revision be made to the general ledger layout created by TotalSource then such revisions shall be completed at an additional cost of \$175.00 per hour.

*Client may not be invoiced this fee in the event Client is affiliated with another TotalSource Client that has already paid the fee.



PRICING ADDENDUM
PART 2 - Elective Services
TULARE LOCAL HEALTH CARE DISTRICT

ENHANCED TALENT SUITE

Subject to the terms of the Agreement and for the additional fees set forth below, upon Client's election, Client will have access to Enhanced Talent Suite ("ETS"). ETS consists of the following solutions:

Applicant Tracking System
Performance Management
Compensation Management
ADP DataCloud Market & People Insights

Pricing

- **ETS Setup Fee:**\$3000.00
- **ETS Service Fee:** The ETS Service Fee invoiced to and payable by Client will be based on the annualized rate of **\$57.60** per Worksite Employee. The ETS Service Fee will be invoiced to and payable Client per each regularly scheduled payroll period and will be an amount equal to the **product** of (x) the rate provided below that corresponds to Client's payroll frequency, **multiplied** by (y) the total number of Worksite Employees co-employed by Client and TotalSource during the subject payroll period.

Payroll Frequency	ETS Service Fee/Payroll Period
Weekly	\$1.11/Worksite Employee
Biweekly	\$2.22/Worksite Employee
Semi-monthly	\$2.40/Worksite Employee
Monthly	\$4.80/Worksite Employee



PRICING ADDENDUM
PART 2 - Elective Services
TULARE LOCAL HEALTH CARE DISTRICT

APPLICATION PROGRAMMING INTERFACE

Subject to the terms of the Agreement and for the additional fees set forth below, upon Client's election, TotalSource will provide Client with its Application Programming Interface ("API") services.

Pricing

- **API Implementation Fee:** Per each API access request, Client shall be invoiced at the rate of \$175.00 per hour, not to exceed a total fee of \$2,800.00 (per access request).
 - o The API Implementation Fee will be due and payable by Client within thirty (30) days following Client's approval confirming access to production data.
- **API Subscription Fee:** Once Client confirms access to production data, Client will be invoiced \$20.00 per month per custom API access.

API Services:

API Implementation Fee includes:	API Subscription Fee includes:
Access to TotalSource's API documentation	Certificate maintenance
A SSL certificate and credentials to TotalSource's API user(s)	System upgrades
Connection Support for thirty (30) days following Client's receipt of its API credentials	New version release
	Server upkeep



PRICING ADDENDUM
PART 2 – Elective Services

TULARE LOCAL HEALTH CARE DISTRICT

SCREENING AND SELECTION SERVICES (“SASS”)
DRUG TESTING; DRUG FREE WORKPLACE PROGRAM

To help clients manage recruitment and selection, ADP TotalSource provides clients access to background screening services (“Screening Services”) and a Drug Free Workplace Program (“DFWP”). ADP TotalSource recommends that clients conduct background screening and drug testing only after a conditional offer of employment is made and that post-offer applicants should not begin working at the client site until successful completion of the background screen and/or drug test. Clients must provide a stand-alone disclosure to applicants and obtain written authorization from the applicant or Worksite Employee prior to requesting a background screen and/or drug test and should retain the original authorization for a minimum of (5) five years. Prior to taking any adverse action based upon a background screening, Client agrees to comply with any requirements that may exist to provide the relevant employee with pre-adverse and adverse action letters as applicable and any required notice of rights. Client further agrees to comply with the Fair Credit Reporting Act and any other applicable laws, rules or regulations that may pertain to background screening and/or drug testing.

If Client is required by law to have certain background checks and fails to obtain them, then Client assumes responsibility for not obtaining the required background information. ADP TotalSource will not independently verify the background screening requirements legally required for a business. Client agrees that TotalSource is not responsible for Client’s hiring decisions.

Background Screening

As part of SASS and the Screening Services, the following screening reports will be made available to Client upon request for an additional fee. To place an order, Client must first request access to the SASS site at the contact information listed below. Each respective Screening Services report will be billed to Client. The availability of screening reports and the associated cost and fees are subject to change at any time and without prior notice to Client. Estimated turnaround time for an order is ten (10) business days but may be longer due to holidays and governmental response time. Once an order is placed, an order cannot be cancelled. All costs and fees are non-refundable.

For questions or a listing of current pricing, please call 866-400-6011, option 5; or e-mail TotalSource.SSC@adp.com.

For a complete list of pricing, please save this document, then re-open with adobe reader and double click [here](#).

LOCATOR & IDENTITY PRODUCTS
ADP Crim Radar
Social Security Number Verification
Order Builder
Wants and Warrants
The Work Number (TWN)

REFERENCE REPORTS
Credential Reference Check Verification
Employment Reference Check Verification
Personal Reference Check Verification
Education Reference Check Verification

ADVERSE ACTION LETTERS
Adverse Action Letter
Pre-Adverse Action Letter



PRICING ADDENDUM
PART 2 – Elective Services

TULARE LOCAL HEALTH CARE DISTRICT

CREDIT & GOVERNMENT REGISTRIES
Equifax Credit Report
TransUnion Credit Report
FACIS Level 1 Search
FACIS Level 1M Search
FACIS Level 3 Search
Food and Drug Administration Sanctions
Government Sanctions Registry
OIG / GSA Registries Search
FACIS Level 1 Search (Organization)
FACIS Level 3 Search (Organization)
Single State Sex Offender Registry
Multi-State Sex Offender Registry
Workers' Compensation Registry
State Driving Reports (MVR)

CRIMINAL RECORDS
Federal Criminal – Standard and Extended
State Criminal – Standard and Extended
County Criminal – Standard and Extended
Metropolitan Criminal – Standard and Extended

CIVIL RECORDS
Federal Civil – Standard and Extended
County Civil – Standard and Extended
Federal Bankruptcy

INTERNATIONAL RECORDS*
Address Record Search
Bankruptcy Record Search
Civil Record Search
Credit Record Search
Criminal Record Search
Education Reference Check
Employment Reference Check
FSA Search
Identification Reference Search
Local Criminal Record Search
Motor Vehicle Record Search
National Criminal Record Search
Open Media Search
Personal Reference Check
Provincial Civil Record Search

* Subject to change without notice. International records and searches are available in select countries.



PRICING ADDENDUM
PART 2 – Elective Services

TULARE LOCAL HEALTH CARE DISTRICT

Drug-Free Workplace Program and Screening (“DFWP”)

As part of the Drug Free Workplace Program (“DFWP”), Client will have access to expert guidance and recommendations regarding establishing and maintaining a workplace policy and program. Additionally, Client will have access to a comprehensive web-based drug screening solution to facilitate drug screening and reporting of Worksite Employees and employee candidates. The availability of drug screening reports and the associated cost and fees are subject to change at any time and without prior notice to Client. Estimated turnaround times for an order is less than forty-eight (48) hours but may vary. Once an order is placed, the order cannot be cancelled. All costs and fees are non-refundable.

For questions please contact your ADP TotalSource DFWP Administrator at 844-448-0325; or e-mail TotalSource.DFWP@adp.com.

Employment Screenings Provided	DESCRIPTION	Cost per Screening
eScreen Drug Screening <ul style="list-style-type: none"> • Pre-Hire • Regular • DOT 	Instrumented rapid 5-panel drug screening. Automatically billing to Client’s payroll for each new hire.	\$39.00
eScreen Drug Screening <ul style="list-style-type: none"> • Random • Reasonable Suspicion 	Instrumented rapid 5-panel drug screening or breath/alcohol screening. Per Client request or by DOT Regulation.	\$39.00
eScreen Drug Screening <ul style="list-style-type: none"> • Post-Accident 	Paid by ADP TotalSource.	\$0.00

PROSPECT ACKNOWLEDGEMENT



RFP ID V-628861

Prospect Legal Name TULARE LOCAL HEALTH CARE DISTRICT

Entity Type C.Corp

SIC Code 7991

SIC Description Physical Fitness Facilities

Are any affiliates or subsidiaries or related entities current TotalSource clients? Yes No

Does this proposal cover all related entities? If no, explain. Yes No

Explain: _____

If more than one entity is involved, what is the relationship? _____

Which entity will be responsible for invoices? _____

Is this a government related entity? Yes No

Is the client licensed as a CA garment manufacturer, or should the client be licensed as a CA garment manufacturer? Yes No

Federal ID XXXXXXXXXX

Date FEIN Applied For _____

Year in Business 7

Is prospect with a PEO? Yes No

Is there existing Employer sponsored group medical coverage? Yes No

Is the prospect self-insured? Yes No

What is the medical renewal date? 03/2023



PROSPECT ACKNOWLEDGEMENT



What was the last percentage renewal for medical coverage? 9.7%

What is the upcoming medical renewal rate? 0%

Number of renewals the prospect has experienced with current carrier? 2

How many employees are not actively at work due to illness or injury (not including those on Worker's Compensation)? 0

Total COBRA participants as a % of enrolled employees. 0%

Participation in all Medical Plans as a % of Eligible Employees Excluding Other Coverage Waivers 100%

Are there any Self Employed Individuals (SEIs) ? Yes No
Present Worker's Comp Carrier
NJ Tax ID

A. Do you anticipate any layoffs within the next 12 months? Yes No
Have you had any layoffs in the last 12 months of five or more employees? Yes No
If yes, please provide details. Please include the date of the layoff, the number of employees laid off, job category, the manner in which the layoffs were/will be conducted and the terms of severance.
B. Loss History. How many Employment Practices Claims has your company had in the past 3 years? 0
An Employment Practices Claim means: a written demand or notice for money including Equal Employment Opportunity (EEOC) charges, lawsuits, administrative proceedings, alternative dispute resolution proceeding alleging discrimination, wrongful termination, sexual harassment or other employee related claim). Please provide all requested information. If additional space is required, please attach additional claims information on a separate sheet.
C. In the past three (3) years has your company or your insurance carrier paid in excess of \$25,000 to any employee or applicant who alleged an Employment Practices Claim? Yes No
If yes, please provide details



PROSPECT ACKNOWLEDGEMENT



[N/A]

D. Are you (or any management level employee) aware of or have knowledge of any facts, incidents, or circumstances which may result in an Employment Practices related claim being made against your company?

Yes No

If yes, please provide details

[N/A]

Risk Related Questionnaire

1. Yes No Does applicant own, operate, or lease aircraft / watercraft? If yes, complete addendum (who owns the aircraft, used in business, how often, maximum number of employees flying in plane at one time, etc.)

2. Yes No Do operations involve storage, treating, discharging, applying, disposing, or transporting of hazardous materials? If yes, list type of chemicals and identify operation.

3. Yes No Any work performed underground or above 15 feet (2 stories)? If yes, identify where, how high or how low.

4. Yes No Any work performed on barges, vessels, docks, bridges, over water, long shore men, or in a harbor facility? If yes, explain (pier, dock, boat, marina, define where).

5. Yes No Does the company operate or perform work for a railroad? If yes, complete addendum.

6. Yes No Are SUB / Independent Contractors used? If yes, provide the # of Subs & ICs used and the type of work performed by each. 3 - interim CEO / CFO / Controller staffed for W2 leadership team

PROSPECT ACKNOWLEDGEMENT



7. Yes No Certificate of Insurance obtained on all Subs? If yes, how are COI maintained, kept current? How are these tracked?

 If no, explain the jobs performed without COIs.

8. Yes No Any group transportation provided?

 If yes, explain (# EEs, distance, etc.)

9. Yes No Does the company have any FAA or DOT policy drug testing requirements?

 If yes, explain.

10. Yes No Do you have driving exposure?

 If yes, what is the radius of operations for drivers?

11. Yes No Is there a formal MVR program in place (i.e. ordering background checks on drivers, defined an acceptable driving history)?

 If yes, how many employees have on the road exposure at one given time? Are company cars or non-company cars provided? (When there is significant (high % of employees are drivers, extensive mileage for sales professionals, etc.) over the road exposure, a formal MVR program is required.)
 If no, you don't have a formal MVR program in place, would you incorporate one?

12. Yes No Do any EEs work out of their homes?

 If yes, explain (# EEs , duties, etc.)
 the assistant controller lives in Tennessee and does clerical work from home

13. Yes No Does the Company participate in any owner controlled insurance program (OCIP)?

 If Yes, please list and describe (How long, how many employees participate, total % of payroll based on an annual average).

14. Yes No Do you provide housing to any employees (e.g., on-site manager, maintenance, engineers, technicians etc.)?

 If yes, please answer the following questions



PROSPECT ACKNOWLEDGEMENT



Empty rectangular box for header information.

Employer Questionnaire

15. Yes No Does the company sponsor any team sports where employees participate?
If yes, explain (sponsor is the key word, name the type of sport, number of employees, how often, and how much you are required to participate)

16. Yes No Any prior worker's compensation insurance coverage declined / cancelled / non-renewed? (Last 3 years)?
If yes, explain.

17. Yes No Are union workers or employees covered under a collective bargaining agreement employed?
If yes, explain (Please attach copy of Union contract)

18. Yes No Is the company a non-profit organization?

Employee Questionnaire

19. Yes No Any seasonal employees?
If yes, explain (how many, type of work, etc.)

20. Yes No Is there any volunteer or donated labor?
If yes, explain (# vol., duties, etc.)

21. Yes No Do employees work/travel/reside outside of the US?
If yes, list duration, purpose of travel and Job function by Country.

22. Yes No Are any employees required to maintain special licenses?
If yes, explain (type of license, what they are used for, etc.)



PROSPECT ACKNOWLEDGEMENT



Lifeguards on duty - CPR and Lifeguard certified. Personal Trainers - CPR Certified

23. Yes No Does any part of process generate Aluminum dust ?

Appendices

Appendix 1 - Workers Compensation Information

State	WC Code	Description	Number ee's	Annual Gross Payroll	Client Mod	Client SUI Rate
CA	8810	Clerical Office Employees	5	\$251,324	100.00%	4.60%
CA	9053	Health Institutes Exercise	42	\$2,358,846	100.00%	4.60%
TN	8810	Clerical Office Employees	1	\$85,654	100.00%	2.70%
CA	8810	Clerical Office Employees	1	\$225,000	100.00%	4.60%

Appendix 2 - EPLI Claim History

Date of Claim	Claimant Name	Nature of Claim	Defense Cost	Indemnity Cost	Reserve, if Open	Current Status
No claim history.						

Appendix 3 - Company Ownership Information

Name	Title	WC Code (###ST)	Annual Gross Payroll	Owner	% Ownership	SEI Type	Type of Pay
Kevin Northcraft	President		\$0	Y	0%	N/A	N/A
Mike Jamaica	Vice President		\$0	Y	0%	N/A	N/A
Xavier Avila	Secretary		\$0	Y	0%	N/A	N/A
Jevon Price	Treasurer		\$0	Y	0%	N/A	N/A
Randy Dodd	Chief Executive		\$0	Y	0%	N/A	N/A

Appendix 4 - Description of Operations

Description of operations
Tulare Local Healthcare District (TLHD) is comprised of two entities under one EIN. There is the administrative branch that governs both a gym called Evolutions as well as acts as a landlord for a major hospital. The employees at the hospital are not affiliated with TLHD. TLHD is a landlord

PROSPECT ACKNOWLEDGEMENT



I represent that the information supplied in this Request for Proposal (RFP) is true, accurate and complete and that I am authorized to make this representation. I understand that ADP TotalSource will rely on the information I have provided herein and any other information I have provided or will provide to ADP totalSource in the future (whether in written, electronic, or verbal form). I agree to provide ADP TotalSource with immediate written notice of any misstatement or omissions in this RFP or the RFP process. I understand that failure to provide true, accurate and complete information to ADP TotalSource may result in immediate termination of any agreement entered into between my company and ADP TotalSource, denial of certain insurance coverages and benefits.

TULARE LOCAL HEALTH CARE DISTRICT

By: _____
 (Client Signature)

Name: _____

Title: _____

Date: _____

Address: 842 N Gem St

City / State / Zip Code: Tulare, CA 93274

Federal I.D. Number: XXXXXXXXX

ADP TOTALSOURCE, INC.

By: _____
 (TotalSource Signature)

Name: _____

Title: _____

Date: _____

Address: _____

City / State / Zip Code: _____



BENEFIT CARD PROCESSING DELAY ADDENDUM

TULARE LOCAL HEALTH CARE DISTRICT

_____ ("Client") and ADP TotalSource, Inc. ("ADP TotalSource") have entered into a Client Services Agreement. Client and ADP TotalSource have agreed that Client's eligible Worksite Employees that elect coverage through the ADP TotalSource Inc. Health and Welfare Plan (the "Plan") will initially be eligible for such coverage beginning on the Benefit Effective Date.

By its signature below, Client acknowledges that due to the limited time period preceding the Benefit Effective Date, Client's Worksite Employees and any applicable dependents that become covered under the Plan on the Benefit Effective Date may not receive their insurance benefit cards and may not be reflected as a subscriber in the applicable insurance carrier's system for a period of time following the Benefit Effective Date. As a result, a covered Worksite Employee and any covered dependents may be required to pay for covered services on an "out of pocket" basis (including prescriptions) if such services are provided prior to the date the covered Worksite Employee is recognized as a subscriber in the applicable insurance carrier's system. Once coverage has been activated a claim for reimbursement may be submitted directly with the appropriate insurance carrier for any out of pocket expenses paid.

Client further acknowledges that ADP TotalSource will not be liable for any out of pocket expenses that may be incurred by any covered Worksite Employee or dependents and that all reimbursement claim determinations will be made by the applicable insurance carrier in its discretion.

TULARE LOCAL HEALTH CARE DISTRICT

ADP TOTALSOURCE, INC.

(Client Name)

By: _____
(Client Signature)
Name: _____
Title: _____
Date: _____
Federal I.D. XXXXXXXXX _____

By: _____
(TotalSource Signature)
Name: _____
Title: _____
Date: _____

TULARE LOCAL HEALTH CARE DISTRICT

H-623317

Section 1: Client Class and Waiting Period Setup

IRS Section 125 regulations provide nondiscrimination rules with respect to employer benefit offerings and contributions. As you consider the benefit offerings and employer contribution level that you will offer your employees, please keep in mind that your designations must not discriminate in favor of your highly compensated employees (HCEs). Although you are permitted to group employees into separate classes for benefit purposes, the offerings, contributions and waiting periods you elect to group make for each class must not discriminate. This includes employees of related corporations that are also clients of TotalSource. Listed below are examples of various ways to set up your classes (should you choose to have more than one) in a nondiscriminatory manner.

Your classes will automatically satisfy the nondiscrimination rules if:

- (1) **ALL** benefit classes provide the same medical, dental and vision plan offerings, employer contributions and waiting periods; or
- (2) There is only one (1) benefit class

If your class structure does not fall into one of the above 2 scenarios, your benefit classes (including related corporations) must meet the following requirements.

Benefit Offering Elections

All benefit classes that include non-HCEs must be offered the same benefit plans as other benefit classes that include HCE's unless the difference is due to carrier plan offering availability.

Client Contribution Elections

All benefit classes that include non-HCEs must provide an Employer Contribution at a level equal to or greater than the highest contribution level designated for a class that contains HCEs.

Waiting Period Elections

ALL benefit classes must have the same Waiting Period.

Important! Please refer to the CBE Provisions & Disclosures at the end of this document for important information on applicable Health Care Reform and state mandates.

Benefit Class Examples

Listed below are examples of various ways to set up your non-discriminatory employer benefit classes.

Example	Employee Group	Employee Type(s)	Benefit Offering	Amount of Contribution	Waiting Period
Example 1	All Employees	Non-HCEs and HCEs	PPO1, HMO1	Same contribution level for <u>all</u> employees (minimum 50% of single tier)	60 Days
Example 2	Executives	HCEs	PPO1, HMO1	Same contribution level for <u>all</u> employees (minimum 50% of single tier)	Same Waiting Period for all employees
	Managers	Non-HCEs and HCEs	PPO1, HMO1		
	Other Employees	Non-HCEs and HCEs	PPO1, HMO1		

2023 / 2024 Client Benefit Election Form

CLASS ELECTIONS

Class Description <i>Please include a description of each class below and designate in the right hand column whether such class includes Non-HCE only, HCE only, or both types of employees.</i>	Employee Types
All FT Employees	<input type="radio"/> Non-HCE Only <input type="radio"/> HCE Only <input checked="" type="radio"/> Both (HCE and Non-HCE)

2023 / 2024 Client Benefit Election Form

Waiting Period Options

ALL benefit classes must have the same Waiting Period.

*Please be advised that there are certain state laws (e.g. Hawaii) which mandate the waiting period allowable for employer-sponsored health coverage eligibility. Please refer to the Provisions & Disclosures section of this CBE for further details.

30	1st of the month concurrent with or following completion of 30 days of regular full or part-time employment (30 hour minimum).
60	1st of the month concurrent with or following completion of 60 days of regular full or part-time employment (30 hour minimum).

I elect the following Waiting Period for my Worksite Employees:

- 30 day Waiting Period**
- 60 day Waiting Period**

Section 2 : Health Benefit Options and Contributions

Client chooses one carrier (and set of plans) to be offered in all benefit coverage areas. If there is a single benefit coverage area client still chooses only one carrier. Costs and plan offerings are based on client demographics and carrier network availability*.

MEDICAL CONTRIBUTIONS

Medical Plans Employer Contribution

Client to complete this section indicating the contribution structure for the above carrier plans by class

- **Contributions to medical plan options must be at least 50 percent of the single tier for employee elected plan;** however contribution requirements may vary by insurance carrier or state requirement. You may be required to make an additional employer contribution on behalf of one or more of your Hawaii employees in accordance with the Hawaii Prepaid Healthcare Act. For commissioned and hourly employees, this amount may vary from month to month. Refer to the Provisions & Disclosures section for further details. Your Implementation Specialist will discuss any variance in minimum contribution requirements, if applicable.
- If there are one or more benefit classes that include HCE's (either HCE only or Both), you must provide contributions to each class at a level that is equal to or greater than the highest employer contribution provided to any class containing an HCE individual.

2023 / 2024 Client Benefit Election Form

Aetna (National) -MEDICAL	Employee Only Cost	Employee & Spouse Cost	Employee & Children Cost	Employee & Family Cost
Plan Selections: (check plans to offer)				
AETNTL-MC OA 25-70%	\$ 562.83	\$ 1,210.05	\$ 1,097.72	\$ 1,743.20

*Total costs include applicable fees and/or commissions.

AETNTL/ZC0

Class Description	Contribution Type	Coverage Level Contribution Table			
All FT Employees	<input checked="" type="radio"/> Percent <input type="radio"/> Dollar Amt.	EE Only	EE+Spouse	EE+Children	EE+Family
		80.00%	37.21%	41.02%	25.83%
Comments-					

2023 / 2024 Client Benefit Election Form

Aetna (National) -MEDICAL	Employee Only Cost	Employee & Spouse Cost	Employee & Children Cost	Employee & Family Cost
Plan Selections: (check plans to offer)				
AETNTL-HDHP MC Copay 3000-10	\$ 409.02	\$ 879.42	\$ 797.60	\$ 1,267.99

*Total costs include applicable fees and/or commissions.

AETNTL/ZC0

Class Description	Contribution Type	Coverage Level Contribution Table			
All FT Employees	<input checked="" type="radio"/> Percent <input type="radio"/> Dollar Amt.	EE Only	EE+Spouse	EE+Children	EE+Family
		80.00%	37.21%	41.03%	25.81%
Comments-					

Section 3 : Health Savings Account - Client Contribution Election

Health Savings Account (HSA)

If you elect to offer one or more High Deductible Health Plan (HDHP) through a health insurance provider offered by ADP TotalSource to your eligible worksite employees (WSEs), any employee that elects HDHP coverage will be eligible to open a Health Savings Account (HSA) through Optum Health Financial Services.

HSA Employer Contributions

I understand that as an employer, I can contribute toward an employee's Optum Health Financial Services HSA. Any employer contributions to eligible worksite employees, electing an Optum Health Financial Services HSA will be the same contribution formula for all worksite employees within a given benefit class, based on IRS rules. Additionally, all benefit classes that include non-HCEs must provide employer contributions at a level equal to or greater than the highest HCE-class employer contribution. I understand that if I make employer contributions, my contributions cannot exceed the IRS maximum HSA contribution limits as indicated below:

- For the **2023 Calendar Year** the IRS maximum HSA contribution limit is \$3850.00 for Employee coverage or \$7750.00 for Family coverage (plus an additional \$1000.00 if the employee is 55 or older).

I also understand that my contribution will reduce the amount that an employee is permitted to contribute to his or her Optum Health Financial Services HSA. Employer contributions to an employee's Optum Health Financial Services HSA Account will be billed to you monthly on your first payroll invoice for that month. Adjustments, if any, may appear on subsequent payroll invoices. Contributions will be remitted monthly to Optum Health Financial Services and deposited directly into the individual employee's Optum Health Financial Services HSA account.

Important Note: The HSA contribution designated for Employee Only level of coverage will be the minimum amount allocated to employees that elect dependent coverage (Employee+Spouse, Employee+Children, Employee+Family), unless you designate a greater contribution for dependent coverage. However, if you elect to only designate an HSA contribution to the Family level of coverage, members that elect the Employee level of coverage **will not** receive an HSA contribution unless you designate a contribution for the Employee level of coverage.

HSA Employee Contributions

I understand that any employee contributions will be collected from worksite employees in the form of pre-tax salary reductions under the ADP TotalSource cafeteria plan, and remitted to Optum Health Financial Services and credited directly into the employee's Optum Health Financial Services HSA account.

HSA Account Maintenance Fee

I understand that a monthly Optum Health Financial Services HSA account maintenance fee of **\$ 1.00** will be charged for each employee electing to open an Optum Health Financial Services HSA when the members account balance is greater than zero. I also understand that I may elect, by class, who will be responsible for the payment of the maintenance fee. If I elect to cover the maintenance fee on behalf of the employee, this fee will be billed to me monthly on my monthly benefits invoice for applicable employees who have an Optum Health Financial Services HSA regardless of account balance. If I do not elect to cover the monthly Optum Health Financial Services HSA account maintenance fee, this fee will be deducted directly from the employee's Optum Health Financial Services HSA account on a monthly basis as indicated above.

2023 / 2024 Client Benefit Election Form

Class	Maintenance Fee: \$1.00 (per WSE/per month)	Contribution Table (Dollar Amount) (Monthly)			
All FT Employees	<input checked="" type="radio"/> Employee or <input type="radio"/> Client	Employee	Employee+Spouse	Employee+Child(ren)	Employee+Family
		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Section 4 : Dental Benefits Options and Contributions

Client chooses one carrier (and set of plans) to be offered in all benefit coverage areas. If there is a single benefit coverage area client still chooses only one carrier. Costs and plan offerings are based on client demographics and carrier network availability*.

DENTAL CONTRIBUTIONS

Dental Plan Employer Contribution

Client to complete this section indicating the contribution structure for the above carrier plans by class.

- **Contribution to dental plan options are not required.** If you wish not to contribute to dental coverage, please check off the "100% EE paid" option below.
- If there are one or more benefit classes that include HCE's (either HCE only or Both), you must provide contributions to each class at a level that is equal to or greater than the highest employer contribution provided to any class containing an HCE individual.

2023 / 2024 Client Benefit Election Form

Delta Dental Insurance Company -DENTAL	Employee Only Cost	Employee & Spouse Cost	Employee & Children Cost	Employee & Family Cost
Plan Selections: (check plans to offer)				
Delta Dental-PPO 1650 Area 1D	\$ 41.16	\$ 77.70	\$ 78.63	\$ 130.16

*Total costs include applicable fees and/or commissions.

DELTA

Class Description	Contribution Type	Coverage Level Contribution Table			
All FT Employees	<input checked="" type="radio"/> Percent <input type="radio"/> Dollar Amt. <input type="radio"/> None(100% EE Paid)	EE Only	EE+Spouse	EE+Children	EE+Family
		80.00%	42.38%	41.88%	25.30%
Comments-					

Section 5 : Vision Benefit Options and Contributions

The Vision Service Plan will automatically be offered to the worksite employees alongside the Medical and Dental insurance carriers elected by the client.

VISION CONTRIBUTIONS

Vision Plan Employer Contribution

Client to complete this section indicating the contribution structure for the above carrier plans by class.

- **Contribution to vision plan options are not required.** If you wish not to contribute to vision coverage, please check off the "100% EE paid" option below.
- If there are one or more benefit classes that include HCE's (either HCE only or Both), you must provide contributions to each class at a level that is equal to or greater than the highest employer contribution provided to any class containing an HCE individual.

2023 / 2024 Client Benefit Election Form

VSP -VISION	Employee Only Cost	Employee & Spouse Cost	Employee & Children Cost	Employee & Family Cost
Plan Selections: (check plans to offer)				
VSP- Choice Vision Plan	\$ 6.46	\$ 12.93	\$ 13.84	\$ 22.12

*Total costs include applicable fees and/or commissions.

VSP

Class Description	Contribution Type	Coverage Level Contribution Table			
All FT Employees	<input checked="" type="radio"/> Percent <input type="radio"/> Dollar Amt. <input type="radio"/> None(100% EE Paid)	EE Only	EE+Spouse	EE+Children	EE+Family
	Comments-	80.00%	39.97%	37.34%	23.36%

Section 6 : Customized Employer Supplemental Benefits

Basic Life and AD&D, and Long Term Disability Offering Methods (Choose one)

- Offered to All Eligible Worksite Employees - 100% Employer Paid
- Offered only to Worksite Employees that are enrolled in Medical Coverage - 100% Employer Paid

Client must choose **ONE** Basic Life Option provided below. **Client can only select Flat Dollar or Multiple of Salary for ALL classes.** Client must also select the benefit coverage level option to be offered for each class. Benefit Coverage Level may vary by employee class.

Basic Life and AD&D Option (Choose One)

- Flat Dollar Option
- Multiple of Salary Option(Flat Dollar option must also be selected only for a class where employees do not receive a regular base salary (i.e. Commission only, SEI)).

BASIC LIFE CONTRIBUTIONS

Benefit Coverage Levels:

- Clients may elect up to 3 levels of Life.
- A minimum of 3 employees per benefit level is required.
- A minimum of \$10,000 Basic Life Insurance is required.
- Only one level of coverage may be offered within each class.
- Basic Life and AD&D is 100% employer paid.
- Client can choose either a Flat Dollar Amount or Multiples of Salary option for Basic Life Coverage.
- Imputed income is calculated on the value of employer-paid life insurance exceeding \$50,000 and included in employee's paycheck. For Self-Employed Individuals, the full-value of coverage will be considered taxable income.

2023 / 2024 Client Benefit Election Form

Coverage Level Selection

FLAT DOLLAR AMOUNT OF COVERAGE

- Clients may elect up to 3 levels of Basic Life coverage.
- A minimum of 3 employees per level required.
- Basic Life of \$350,000 or above cannot be combined with amounts less than \$50,000.
- Basic Life coverage is not to exceed \$500,000 in coverage (client with 20 or more eligible) and \$200,000 (client with fewer than 20 eligible) in coverage.

Level	Coverage Amounts	Cost
Level 1	Basic \$10,000	\$ 1.20 Per Employee Monthly
Level 2	Basic \$15,000	\$ 1.80 Per Employee Monthly
Level 3	Basic \$25,000	\$ 3.00 Per Employee Monthly
Level 4	Basic \$35,000	\$ 4.20 Per Employee Monthly
Level 5	Basic \$50,000	\$ 6.00 Per Employee Monthly
Level 6	Basic \$75,000	\$ 9.00 Per Employee Monthly
Level 7	Basic \$100,000	\$ 13.00 Per Employee Monthly
Level 8	Basic \$150,000	\$ 19.50 Per Employee Monthly
Level 9	Basic \$200,000	\$ 26.00 Per Employee Monthly
Level 10	Basic \$250,000	\$ 32.50 Per Employee Monthly
Level 11	Basic \$300,000	\$ 39.00 Per Employee Monthly
Level 12	Basic \$350,000	\$ 45.50 Per Employee Monthly
Level 13	Basic \$500,000	\$ 65.00 Per Employee Monthly

MULTIPLE OF SALARY COVERAGE

- Clients may elect up to 3 levels of Multiple Salary Coverage.
- Multiple of salary coverage elected is based on Annual Base Earnings (ABE) not to exceed \$750,000 in coverage.
- A minimum of 3 employees per benefit level is required.
- Multiple of salary coverage is limited to 6 times annual base earnings (client with 20 or more eligible) and 3 times annual base earnings (client with fewer than 20 eligible).

Level	Coverage Amounts	Cost
Level 14	Basic 1X ABE	\$ 0.12 Per Employee Monthly
Level 15	Basic 1.5X ABE	\$ 0.12 Per Employee Monthly
Level 16	Basic 2X ABE	\$ 0.13 Per Employee Monthly
Level 17	Basic 2.5X ABE	\$ 0.13 Per Employee Monthly
Level 18	Basic 3X ABE	\$ 0.13 Per Employee Monthly
Level 19	Basic 4X ABE	\$ 0.13 Per Employee Monthly
Level 20	Basic 5X ABE	\$ 0.13 Per Employee Monthly
Level 21	Basic 6X ABE	\$ 0.13 Per Employee Monthly

2023 / 2024 Client Benefit Election Form

Basic Life Offering Employer Election	
Class Description	Coverage Levels-Choose 1 per class based on offering method selected*
All FT Employees	<input type="text" value="Basic \$25,000"/>

LTD CONTRIBUTIONS

- The same level of LTD coverage must be offered to all employees within one class.
- Clients may elect up to 3 levels of LTD
- A minimum of 3 employees per benefit level is required.
- Clients offering an LTD benefit of \$10,000 or greater to a class must offer a minimum of \$5,000 benefit to all remaining classes.
- During the first full six months that an employee receives disability benefit payments, the benefit is taxable to the employee. Upon payment of LTD benefits Client will be responsible for the employer portion of any applicable taxes due for such LTD payments.

LTD Elimination Periods as related to STD election:

- If a client elects a 90 day elimination period, and is also offering STD coverage, they **MUST** elect the 13 week duration period.
- If a client elects a 180 day elimination period, and is also offering STD coverage, they must elect the STD 26 week duration period, to avoid an overlay of coverage.
- Elimination Period is the length of time during a period of disability that must pass before benefits are paid.

2023 / 2024 Client Benefit Election Form

Client Disability Rating		
Level	Plan	Cost
Level 1	LTD Basic 50% \$1,000/mo-90	\$ 3.53 per employee monthly
Level 2	LTD2B 60% \$5,000/mo-90	\$ 19.68 per employee monthly
Level 3	LTD2B 60% \$10,000/mo-180	\$ 18.74 per employee monthly
Level 4	LTD Basic 50% \$1,000/mo-180	\$ 2.28 per employee monthly
Level 5	LTD2B 60% \$10,000/mo-90	\$ 29.39 per employee monthly
Level 6	LTD2B 60% \$2,500/mo-180	\$ 10.16 per employee monthly
Level 7	LTD2B 60% \$15,000/mo-90	\$ 58.52 per employee monthly
Level 8	LTD2B 60% \$5,000/mo-180	\$ 12.30 per employee monthly
Level 9	LTD2B 60% \$2,500/mo-90	\$ 14.27 per employee monthly
Level 10	LTD2B 60% \$15,000/mo-180	\$ 33.92 per employee monthly

Long Term Disability Employer Election	
Class Description	Level (choose one)
All FT Employees	LTD Basic 50% \$1,000/mo-180

2023 / 2024 Client Benefit Election Form

Short Term Disability Coverage, if elected by the client, is offered to all eligible Worksite Employee classes and paid 100% by the employer. Coverage level may vary by employee class.

Short Term Disability Offering Methods (choose one)

Option A For All Eligible Worksite Employees - 100% Employer Paid

Option B Client Elects to Waive Coverage

STD CONTRIBUTIONS

- The same level of STD coverage must be offered to all employees within one class.
- Client may elect up to 3 levels of STD.
- A minimum of 3 employees per benefit level is required.
- During the first full six months that an employee receives disability benefit payments, the benefit is taxable to the employee. Upon payments of STD benefits Client will be responsible for the employer portion of any applicable taxes due for such STD payments.

LTD Elimination Periods as related to STD election:

- If a client elects a 90 day elimination period, and is also offering STD coverage, they MUST elect the 13 week duration period.
- If a client elects a 180 day elimination period, and is also offering STD coverage, they must elect the STD 26 week duration period to avoid an overlay of coverage.
- Elimination Period is the length of time during a period of disability that must pass before benefits are paid.
- STD coverage is not applicable to certain industries.

2023 / 2024 Client Benefit Election Form

Client Disability Rating		
Level	Plan	Cost(Per EE/Month)
STD 26-week duration with LTD 180 day elimination period		
Level 1	STD2B 60% \$2,500/wk (0/7-26)	\$ 35.17
Level 2	STD2B 60% \$1,000/wk (0/7-26)	\$ 31.95
Level 3	STD2B 60% \$2,500/wk (14/14-26)	\$ 26.34
Level 4	STD2B 60% \$1,000/wk (14/14-26)	\$ 23.98
Level 5	STD2B 60% \$500/wk (14/14-26)	\$ 18.37
Level 6	STD2B 60% \$250/wk (14/14-26)	\$ 12.87
STD 13-week duration with LTD 90 day elimination period		
Level 7	STD2B 60% \$1,000/wk (14/14-13)	\$ 16.31
Level 8	STD2B 60% \$1,000/wk (0/7-13)	\$ 24.30
Level 9	STD2B 60% \$250/wk (14/14-13)	\$ 8.76
Level 10	STD2B 60% \$2,500/wk (0/7-13)	\$ 26.74
Level 11	STD2B 60% \$500/wk (14/14-13)	\$ 12.49
Level 12	STD2B 60% \$2,500/wk (14/14-13)	\$ 17.91

2023 / 2024 Client Benefit Election Form

Short Term Disability Employer Election	
Class Description	Level (choose one)
All FT Employees	<input type="text" value="Select..."/>

Section 7 : Flexible Spending Accounts

Flexible Spending Account (FSA) benefit options are available to all eligible employees as of their initial eligibility date. The FSA benefit options consist of a Health Care FSA and a Dependent Care FSA. The FSA benefit options plan year runs from June 1 through May 31 of each year. There are no client contributions towards the FSA options. Employee benefit option availability may vary due to IRS regulations. Please refer to the summary plan description for specific eligibility for these options.

Health Care FSA*

Dependent Care FSA

*If you do not offer any group health coverage to your worksite employees, please indicate so below. In such cases, the ADP TotalSource Health Care FSA will not be offered to your worksite employees, however, the Dependent Healthcare FSA will be offered.

My company does not/will not offer any group health coverage to our worksite employees.

Section 8 : Domestic Partner Election

If you elect to offer domestic partner benefits to your worksite employees, benefits will be available to an eligible employee's unmarried partner, whether of the same or opposite sex (unless otherwise defined by the insurance carrier). The offering of Domestic Partner benefits may be mandated by state or local law. If you have worksite employees that reside in California where domestic partner benefits are mandated, domestic partner coverage will be available to **all** worksite employees including those who do not reside in California.

<input checked="" type="radio"/>	A	<p>I ELECT Domestic Partner coverage as a benefit option for my worksite employees. This benefit will be made available to all eligible worksite employees wishing to enroll their eligible Domestic Partner and any eligible child(ren) of the Domestic Partner in medical, dental and/or vision coverage, in accordance with the applicable carrier's eligibility guidelines. I understand that my employer contribution for worksite employees electing this coverage will be the same contribution formula I elect for the Employee & Spouse, Employee & Child(ren) and/or Employee & Family tiers of coverage.</p>
<input type="radio"/>	B	<p>I DECLINE Domestic Partner coverage as a benefit option for all my worksite employees at this time. I understand that by declining to offer Domestic Partner coverage at this time, I may only elect to offer this coverage during a future Open Enrollment period (i.e., June 1st of each year).</p> <p>If you have worksite employees that reside in California where domestic partner benefits are mandated, domestic partner coverage will be available to all worksite employees including those who do not reside in California.</p>

Section 9 : Leave Administration

As part of our commitment to helping you comply with federal and state family and medical leave laws, ADP TotalSource administers these leave laws on your behalf by for example, making eligibility determinations based on information provided by our clients and communicating this information to employees.

The following information provides an overview of employer coverage and employee eligibility criteria under federal and state family and medical leave laws. In the following sections we ask that you confirm your company coverage and employee eligibility under federal and state family and medical leave laws. Employee eligibility criteria is in part determined by counting the number of employees employed at or within a certain miles radius of the worksite. State and federal law differs and this information is covered below.

Please understand that it is your Company’s responsibility to immediately advise ADP TotalSource if the information you report to us below later changes. Specifically you must advise ADP TotalSource:

- (1) If your Company becomes covered under federal or state family and medical leave laws or ceases to be covered under federal or state Family and Medical leave laws
- (2) If any specific worksites employ eligible employees or cease to employ eligible employees under federal or state family and medical leave laws

Please contact Leaves Administration at 1-866-400-6011 or email Totalsource.FMLA@adp.com if you have any questions or needs assistance completing the information below.

Federal Family Medical Leave Act (FMLA) Coverage Acknowledgement

If your Company maintained 50 or more employees on your payroll for a period of 20 weeks (need not be consecutive) in the current or preceding year then your Company is covered under the FMLA. IN order for an employee to be deemed an eligible employee, the employee must work at worksite (or if no fixed company worksite then report or take direction from a worksite) that employs 50 employees within a 75 mile radius.

Please note that if you use temporary employees (e.g. individuals employed by a staffing firm), have been involved in a merger or acquisition, are related to a separate company or have telecommuting employees then you should contact Leaves Administration at 1-866-400-6011 or email Totalsource.FMLA@adp.com for assistance in determining your coverage status. **Check one:**

<input checked="" type="radio"/>	I acknowledge that my company is <u>not</u> covered under FMLA.
<input type="radio"/>	I acknowledge that my company is covered under the FMLA and <u>all employees</u> work at worksites that employ 50 or more employees within a 75 mile radius.
<input type="radio"/>	I acknowledge that my Company is covered under FMLA and <u>no employees</u> work at worksites that employ 50 or more employees.
<input type="radio"/>	I acknowledge that my Company is covered under FMLA and <u>some employees</u> work at worksites that employ 50 or more employees.* *Please provide ADP TotalSource with a list of locations employing 50 employees within a 75 mile radius by sending an email to Totalsource.FMLA@adp.com including “Family and Medical Leave Laws - Location Eligibility Information“ in the subject line and include the location address and the number of employees working within 75 miles of that location. Please remember that telecommuters reporting to or taking direction from a particular location count toward that particular location's employee count

2023 / 2024 Client Benefit Election Form

State Leave Law Acknowledgement

Please note that if you use temporary employees (e.g. individuals employed by a staffing firm), have been involved in a merger or acquisition, are related to a separate company or have telecommuting employees then you should contact Leaves Administration at 1-866-400-6011 or email Totalsource.FMLA@adp.com for assistance in determining your coverage status.

Employees working in **ME, MN, RI, VT and WI** are deemed covered under the states' family and medical leave laws through the co-employment relationship. These states are therefore excluded from the list.

I acknowledge that my Company is covered under the following state leave laws (check all that apply):

Acknowledgements	Leave Law	Employee Coverage Threshold / Mile Test for Employee Eligibility?
<input checked="" type="radio"/> My Company is not covered. <input type="radio"/> My Company is covered/all eligible employees. <input type="radio"/> My Company is covered/no eligible employees. <input type="radio"/> My Company is covered/some eligible employees.*	Connecticut	75 employees working in CT/75
<input checked="" type="radio"/> My Company is not covered. <input type="radio"/> My Company is covered.	District of Columbia	20 employees working in D.C. / no
<input checked="" type="radio"/> My Company is not covered. <input type="radio"/> My Company is covered.	Hawaii	100 employees working in Hawaii / no
<input type="radio"/> My Company is not covered. <input checked="" type="radio"/> My Company is covered.	New Jersey	30** / no
<input type="radio"/> My Company is not covered. <input checked="" type="radio"/> My Company is covered.	Oregon	25 employees working in Oregon /no
<input type="radio"/> My Company is not covered. <input checked="" type="radio"/> My Company is covered/all eligible employees. <input type="radio"/> My Company is covered/no eligible employees. <input type="radio"/> My Company is covered/some eligible employees.*	Washington	50**/75 miles

* Please provide ADP TotalSource with a list of locations employing 50 employees within a 75 mile radius by sending an email to Leaves Administration at 1-866-400-6011 or email Totalsource.FMLA@adp.com and including "Family and Medical Leave Laws - Location Eligibility Information" in the subject line and include the location address and the number of employees working within 75 miles of that location. Please remember that telecommuters reporting to or taking direction from a particular location count toward that particular location's employee count.

**Count based on employees anywhere in the country.

Voluntary Medical Leave and Family Care (MLFC) Policy

If your company is not covered under federal and/or state family and medical leave laws or if you are covered under these laws but have no eligible employees (due for example the number of employees employed at geographically dispersed worksites) you have the option of offering a voluntary Medical Leave and Family Care Policy (MLFC) to your employees.

This policy provides up to 12 weeks of leave with benefits similar to qualifying leave reasons under the federal Family and Medical leave Act (e.g. leave for an employee's own serious health condition; to care for the employee's spouse, child or parent who has a serious health condition; for the birth or adoption of a child and to care for the newborn child; and certain qualified reasons related to military service).

A copy of this policy is available upon request.

Please contact your Implementation Consultant for a copy of the policy.

Please select A or B below. If selecting A (electing the MLFC policy) please specify whether your company will require documentation substantiating the need for leave.

I have read the Medical Leave and Family Care Policy and understand that this policy must be administered in a non-discriminatory manner. I also understand that my company may only change this election during the annual benefits open enrollment and I:

A. **Elect** to adopt the MLFC Policy and my company:

Will require documentation substantiating the need for leave

Yes No

Note: If the documentation election is checked No, then ADP TotalSource will assume your company will not require documentation substantiating the need for leave and therefore ADP TotalSource will automatically approve leave requests based solely on MLFC policy eligibility criteria.

I understand that if an employee is placed on MLFC leave while the Company is not covered under federal and/or state family and medical leave laws and/or the employee is not eligible for family and medical leave then this time will not count against the employee's future federal or state family and medical leave law bank (if the Company later becomes covered and/or the employee later becomes eligible under federal and/or state family and medical leave laws).

B. **Decline** to adopt the Medical Leave and Family Care Policy.

Section 10: 401(k) Retirement Savings Plan

401(k) Retirement Savings Plan	
<p>ADP TotalSource offers a competitive and feature rich 401(k) Retirement Savings Plan. There are no annual administrative fees paid by the client company. The client reserves the right, at any time, to discontinue, amend the design, or terminate the Plan, in accordance with the terms of the Plan Document. A cancellation fee of \$1250 will be charged to the client company to either terminate or transfer the plan to another provider to off-set expenses incurred.</p>	
<p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p>	<p>I wish to implement the ADP TotalSource 401(k) Retirement Savings Plan and understand that a completed Adoption Agreement must be completed and an implementation timeline for the TotalSource 401(k) plan will be established at the time of the Conversion Meeting.</p> <p>New Plan</p> <p>Converting Plan from a PEO</p> <p>Merging current client plan</p> <p>Converting plan with Safe Harbor Plan Design from a PEO</p>
<p><input checked="" type="radio"/></p>	<p>I do not wish to offer the ADP TotalSource 401(k) Retirement Savings Plan at this time. I am aware that certain restrictions apply as indicated by IRS and ERISA regulations regarding the timelines of implementing certain types of 401(k) plans in any given plan year.</p>

2023 / 2024 Client Benefit Election Form

Signature Page:

This Client Benefit Election Form (including, without limitation, the CBE Provisions and Disclosures set forth below), is incorporated by reference in and forms part of that certain Client Services Agreement (the "Agreement") entered into by and between Client and TotalSource. Client and TotalSource represent that there are no other changes to the Agreement, with the exception of any prior written modifications signed by both TotalSource and Client. Client agrees to the following terms and conditions relating to the benefits to be provided to the Worksite Employees.

- (1) Client elects health and dental benefits in all coverage areas according to the carriers and products available.
- (2) Client must have and maintain at least 75 percent participation among eligible Worksite Employees or, if greater, a minimum participation of five Worksite Employees. Client must generally make a contribution of at least 50 percent of the total cost of the Employee Only tier for each medical plan set by the carrier selected. However, contribution requirements may vary by state or insurance carrier.
- (3) Client will confirm the intended employer contribution levels and waiting period, etc., at the Conversion Meeting (confirmation of employers intended contribution level will be conducted after the Agreement is signed). The employer contribution levels will remain in effect for the entire Plan Year and may only be modified by the Client at Open Enrollment.
- (4) Client acknowledges that the total benefits cost will be paid via ACH on or about the 10th of each month to cover the current month of coverage. Client will be notified of the invoice amount on or about the 30th day of the previous month. The Worksite Employee's portion of the benefit cost will be deducted on a per pay period basis which will be returned to the Client as an invoice credit on a per payroll basis. For your Hawaii commissioned and hourly employees, this amount may vary from month to month.
- (5) The health insurance cost and plans indicated here are valid until May 31, 2024, subject to change by the insurance carrier. Commissions and/or applicable fees are included in such costs.
- (6) If Client has elected health benefits insured through a regional insurance carrier, Client acknowledges that: (a) such carrier may not offer coverage in certain areas outside of the carrier's core market or service area and that it is Client's responsibility prior to selecting such carrier to determine whether the coverage provided is sufficient; and (b) any change to the location of Client's headquarters or material change in worksite employee demographics may effect its ability to receive coverage through such carrier for future Plan Years.
- (7) Client acknowledges that if it has previously elected to offer coverage through a high deductible health plan (HDHP), any decision to terminate the HDHP coverage option may have an adverse tax affect on its worksite employees if such worksite employees elected to contribute to a Health Savings Account (HSA).
- (8) Client acknowledges that if it makes HSA employer contributions, any contributions made outside of the TotalSource relationship must be timely reported to TotalSource as described in the Year End Packet. Client may be required to pay an additional fee if such employer contributions are not timely reported and TotalSource is required to file amended payroll tax returns.
- (9) Client acknowledges that in choosing which TotalSource benefits to offer its Worksite Employees, Client has not relied upon any opinion or recommendation of any TotalSource Corporate Employee and further acknowledges that the TotalSource salesperson is not a licensed insurance agent.
- (10) Client may maintain its current welfare plan until Client's benefits effective date with TotalSource and may maintain its current Flexible Spending Account (FSA) plan until the end of the Client's FSA plan year.
- (11) Pursuant to IRS regulations, if Client offers its own Health Reimbursement Account (HRA), Worksite Employees will not be able to participate in the health care FSA option. Client acknowledges that if it terminates its HRA, Worksite Employees will be eligible to participate in the TotalSource health care FSA as of the first day of the TotalSource plan year following the date the HRA is terminated.
- (12) Client expressly acknowledges and agrees that TotalSource is not an "Administrator", "Plan Administrator" or "Fiduciary" for purposes of ERISA or the Code with respect to any Client sponsored plan. Client agrees to indemnify TotalSource for any liability with respect to a Client sponsored plan. TotalSource shall not exercise

2023 / 2024 Client Benefit Election Form

any discretionary authority or control respecting any Client sponsored plan or have any authority or responsibility in the administration of any such plan. TotalSource shall not render investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of any Client sponsored plan.

- (13) Client shall be solely responsible for ensuring that a Client sponsored plan remains in compliance with applicable law, including any applicable reporting, disclosure and coverage requirements that may be required by the provisions of the Affordable Care Act (ACA), ERISA, the Code, the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Health Insurance Portability and Accountability Act (HIPAA). Client shall be responsible for administering COBRA for any Client sponsored welfare plan, as applicable. Client agrees to provide TotalSource with certain information regarding eligibility, participation, and benefits offered through a Client sponsored plan upon request in the event such information is necessary for TotalSource plan testing purposes.
- (14) TotalSource will provide COBRA benefits to those eligible Worksite Employees after the Effective Date and will provide COBRA benefits to Client's pre-Effective Date COBRA participants provided the following conditions are met: a) the participants were eligible and covered under a fully-insured Client sponsored plan on the day before the Effective Date, b) all of Client's employees become Worksite Employees, c) Client terminates the group health plan covering these employees, and d) the Worksite Employees immediately thereafter become eligible for health coverage under the ADP TotalSource, Inc. Health and Welfare Plan ("TotalSource Plan"). Such coverage will be in accordance with the COBRA rules. If these conditions are not met, Client continues to be responsible for providing COBRA coverage for these individuals. If a Worksite Employee is on a leave of absence and benefits are continued or the Worksite Employee is not earning sufficient wages to cover the benefit deductions, Client agrees to pay for those benefits and any additional benefits not otherwise paid through wages. Client agrees that upon termination of the Agreement Client shall procure comparable replacement coverage for each current and former Worksite Employee and their dependents that received coverage through the TotalSource Plan.
- (15) If Client does not offer welfare benefits immediately prior to and upon joining the PEO relationship, Client may only elect to offer benefits through the TotalSource Health and Welfare Plan at a later date pending verification that Client will meet the participation requirements outlined in paragraph (2). Any benefits offered through the Health and Welfare Plan will begin as of the first day of the Plan Year immediately following the date Client elects to offer benefits through the TotalSource Health and Welfare Plan.
- (16) TotalSource will assist Client in complying with the employer mandates of the Affordable Care Act ("ACA") provided that Client is in a co-employer relationship with ADP TotalSource as of February 1 (your Client Service Agreement is in effect as of February 1) following the end of the prior ACA reporting year. Subject to the terms of the Client Services Agreement between TotalSource and Client, TotalSource will provide Client with the following ACA Compliance Services: Implement a standard 12-month measurement period, assistance with establishing waiting periods and any applicable measurement/stability eligibility periods, issuing ACA-required Notices of Coverage Options to all newly hired worksite employees, reporting the value of employer-provided health coverage on annual W-2 forms, assisting Clients that are applicable large employers with complying with annual reporting requirements by issuing 1095-C forms and transmitting 1094-C and 1095-C forms to the Internal Revenue Service on behalf of Client, provide Exchange/Marketplace notice and penalty management, and providing Client with tools and guidance to assist with determining its "applicable large employer" ("ALE") status and determining whether plan offerings and eligibility classifications meet applicable minimum coverage and affordability requirements. Client agrees and acknowledges that: 1) TotalSource will complete Forms 1094-C and 1095-C on Client's behalf based on information contained in TotalSource systems and per Client's direction; 2) Client must review and approve Forms 1094-C and 1095-C, including but not limited to coding contained in the form, in the ADP Health Compliance system on or before February 1st following the end of the preceding calendar year; 3) If Client does not approve the Forms 1094-C and 1095-C in the ADP Health Compliance system by February 1st following the end of the preceding calendar year, Client hereby authorizes TotalSource to file the Forms 1094-C and 1095-C with the IRS on behalf of Client's ALE member(s)/FEIN(s) in the ADP Health Compliance system, and acknowledges and agrees that any necessary changes to the filings may require corrected Forms 1094-C and/or 1095-C to be filed with the IRS; 4) Client is solely responsible for complying with all ACA employer mandate requirements;) and 5) Client may be subject to make an employer shared responsibility payment to the IRS, if affordable coverage that provides minimum value is not offered to all full-time worksite employees and their dependents, Client does not meet the threshold of offering medical coverage to at least 95% of their ACA full-time employees, and at least one of Client's full-time employees receives a premium tax credit for purchasing individual coverage on a Health Insurance Marketplace.

2023 / 2024 Client Benefit Election Form

Note: Under a special ACA rule, if an ALE Client offered coverage to all but five of its full time employees (and their dependents), and five is greater than 5 percent of the Client's full time employees, the Client may not owe the employer shared responsibility payment that would otherwise apply under the rule for an employer that offers coverage to less than 95 percent of its full-time employees (and their dependents); Client will be subject to an employer shared responsibility payment if Client offers coverage to at least 95 percent of its full time employees (and their dependents), but at least one full time employee receives a premium tax credit to help pay for coverage through a Health Insurance Marketplace, which may occur because Client did not offer coverage to that employee or because the coverage Client offered the employee was either unaffordable or did not provide minimum value.

TotalSource and Client execute this Client Benefit Election form, in their respective corporate names by their duly authorized officers on the respective dates provided below.

Client's Legal Name: TULARE LOCAL HEALTH CARE DISTRICT

ADP TotalSource, Inc.

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

This information was prepared by a licensed insurance carrier or broker and furnished to ADP TotalSource for the independent evaluation by you, the prospective business client.

This benefit offering should not be copied or reproduced, in whole or in part, or shared with any third party, without the prior express consent of ADP TotalSource.



Insurance | Risk Management | Consulting



CBE Provisions & Disclosures

Employer Shared Responsibility

The Employer Shared Responsibility provisions of the ACA require that “applicable large employers” (those that averaged at least 50 full-time (including full-time equivalent employees) during the preceding calendar year)) offer medical coverage to their full-time employees and their dependents that meet certain minimum coverage and “affordability” thresholds or potentially become subject to a penalty. ADP TotalSource will assist you with determining whether you are an “applicable large employer” subject to these provisions and, if so, whether your current plan offerings and eligibility classifications will meet the minimum coverage requirements and the “affordability” threshold. **Any failure to offer medical coverage to your full-time employees that meets the minimum coverage and affordability requirements may subject you to penalties.**

Under the Employer Shared Responsibility provisions, all employers of a controlled group or affiliated service group (as defined in Internal Revenue Code Sections 414(b), (c), and (m)) are to be treated as a single employer in determining whether any member of the controlled group or affiliated service group is an applicable large employer. Many of the factors that are utilized to determine controlled group status fall outside of the PEO relationship. As a result, it is the Client’s responsibility to determine whether it is a member of a controlled group. ADP TotalSource encourages Clients to consult with a tax or legal advisor if there is a question as to whether controlled group status exists.

IRS Forms 1094-C and 1095-C Filings

ADP TotalSource will file IRS Forms 1094-C and 1095-C on behalf of Clients that are “applicable large employers” active with ADP TotalSource during the current filing year. Clients must review and approve Forms 1094-C and 1095-C in the ADP Health Compliance system on or before January 10th following the end of the preceding calendar year. Pursuant to your authorization in the Signature Page section of this Client Benefit Election Form, if you do not approve the Forms 1094-C and 1095-C in the ADP Health Compliance system by January 10th following the end of the preceding calendar year, ADP TotalSource will file IRS Forms 1094-C and 1095-C on behalf of “applicable large employer” member(s)/FEIN(s) in the ADP Health Compliance system, and any necessary changes to the filings may require corrected Forms 1094-C and/or 1095-C to be filed with the IRS.

For more information on the Employer Shared Responsibility provisions including transition relief, the Internal Revenue Service has provided helpful information available online at the following web address:

<https://www.irs.gov/affordable-care-act/employers/questions-and-answers-on-employer-shared-responsibility-provisions-under-the-affordable-care-act>

Individual Mandate

On December 22, 2017, federal tax reform legislation was signed into law. The tax reform legislation eliminated the penalties associated with the Affordable Care Act’s individual shared responsibility provision (also known as the individual mandate), effectively eliminating the federal requirement that individuals maintain qualifying health coverage effective January 1, 2019.

However, please note that the following states have enacted state based individual mandates:

- California
- District of Columbia
- Massachusetts
- New Jersey
- Rhode Island
- Vermont

Residents failing to enroll in Minimum Essential Coverage in these states may be subject to a tax penalty.

Waiting Period Limitation

In order to satisfy the ACA waiting period limitation, a waiting period will be no greater than 1st of the month following 60 days for any Worksite Employee unless the Worksite Employee resides or works in a state where state law requires a shorter waiting period (e.g. Hawaii).

COBRA Fee

Upon termination of the PEO relationship with TotalSource for any reason, Client is responsible for offering comparable replacement health care coverage to its active eligible Worksite Employees, and for offering COBRA coverage through such replacement plan(s) to any former Worksite Employee who is receiving COBRA coverage through the TotalSource, Inc. Health and Welfare Plan, as of the date of termination of the PEO relationship ("Termination Date"). Upon termination, Client will be charged a one-time COBRA fee of \$2500 and an additional fee of \$400 per month per COBRA participant ("COBRA Fee"). The COBRA Fee is reasonable and fair compensation to cover TotalSource's non-reimbursed administrative expenses relating to providing COBRA continuation coverage; is not a penalty and does not change the cost due from participants; is payable only by Client and not under any circumstances by any participant; and is subject to all payment conditions, penalties and other application provisions of the Client Services Agreement if not paid when due. The \$2500 COBRA fee will be refunded if you provide written proof to your Human Resource Business Partner within 90 days of the Termination Date of new coverage for all Worksite Employees in the form of a carrier invoice or a letter from the new carrier with a detailed listing of all employees including employee name, type of coverage and effective date or you may wait until the 60-day COBRA enrollment period ends to request the refund if there are no COBRA participants.

Dependent Care Flexible Spending Account (FSA) Highly-Compensated Employee Contribution Limit

As part of the ADP TotalSource, compliance process, we conduct all necessary plan testing as required by the IRS. We also take actions needed to make sure that the highest possible amount of your Worksite Employee's FSA deferrals and reimbursements retain their tax-favored status. As such, highly compensated employees will only be permitted to contribute up to \$2,000 per Plan Year (June 1-May 31) to the ADP TotalSource, Inc. Dependent Care FSA. In addition, ADP TotalSource may, at any time before or during the Plan Year (June 1-May 31), notify a highly compensated employee that he or she must discontinue pre-tax contributions to the ADP TotalSource, Inc. Dependent Care FSA or that the employee must limit such pre-tax contributions to a particular dollar amount below the \$2,000 maximum if ADP TotalSource determines, in its discretion that such action is necessary or advisable to satisfy the nondiscrimination requirements applicable to the ADP TotalSource, Inc. Dependent Care FSA.

Online Commuter Benefit – Forfeiture of Funds Disclosure

Participation in the ADP TotalSource Online Commuter Benefit (OCB) will end as of the worksite employee's date of employment termination or date of termination of the PEO relationship, whichever occurs first. The worksite employee will have 60 calendar days from the termination date (a "claims runout") during which they can submit paper claims for eligible expenses that were incurred on or prior to their termination date. Any funds remaining in the OCB account 60 days after the termination date will be forfeited. OCB funds may not be transferred to another commuter benefit plan.

Hawaii Prepaid Health Care Act

Under the Hawaii Prepaid Health Care Act ("PHC Act"), employers are required to provide health care coverage to any employee residing or working in Hawaii or with a base of operation (and if no base of operation, place from which service is directed or controlled) is in Hawaii that meets the following criteria:

- Works at least 20 hours per week*; and
- Earns 86.67 times the current Hawaii minimum wage per month.

Under the PHC Act, an employee who is offered and elects health care coverage must be permitted to begin receiving such coverage by the first day of the month following 4 consecutive weeks of employment. The effective date of coverage for health care benefit elections under the ADP TotalSource, Inc. Health and Welfare Plan begins on the first day of the month following the completion of the worksite employer's specified waiting period. Consequently, in order to satisfy the Hawaii law, a waiting period no greater than first of the month following the date of hire will apply for any Worksite Employees residing or working in Hawaii.

TotalSource generally requires that each Worksite Employer contribute at least 50% of the monthly cost for the Employee only coverage tier. Under the PHC Act, an employee's cost share for health coverage cannot exceed the lesser of 50% of the cost or 1.5% of the employee's monthly wages. As a result, if you elect to contribute at the minimum rate of 50% of the monthly cost for

the Employee only coverage tier, you may be required to make an additional employer contribution on behalf of one or more of your Hawaii employees if the applicable employee contribution would exceed 1.5% of the employee's monthly wages of the lowest cost health plan offered. For commissioned and hourly employees, this amount may vary from month to month.

IMPORTANT NOTE: Hawaii state law requires that employers offer an approved plan. ADP TotalSource plans available to Hawaii employees are PHC approved plans and do not require cost sharing for dependents.

*ADP TotalSource may provide reporting assistance to determine if employee is meeting the 20 hour per week minimum. These reports should not be solely relied upon as new information may cause the reports to change. ADP TotalSource® will not take any action based exclusively on the resulting data and will only make changes when specifically requested or notified in writing to do so. These reports are not designed to take the place of consultation with a legal or other professional advisor regarding an employer's obligations under the Hawaii Prepaid Health Care Act.

Maine

ADP TotalSource does not provide services to companies headquartered in Maine due to insurance regulatory restrictions and carrier rules. ADP TotalSource does not provide services to companies headquartered outside of Maine with employees in Maine unless:

- a. The company is one business entity with multiple locations and the total number of employees eligible for benefits is 51 or more; or, if the locations are separate business entities, the entities are all part of a controlled group of corporations that are affiliated corporations or eligible to file a consolidated federal (required 80% common ownership) or state (requires 50% common ownership and entities in the same industry) tax return and the total number of employees eligible for benefits is 51 or more; or, if the 51 or more eligible employee threshold is not met:
- b. The company employs more employees who are eligible for benefits in a state other than Maine for the preceding calendar year and the employees are eligible to receive health insurance coverage through ADP TotalSource in the other state.

Maryland

ADP TotalSource does not provide services to companies headquartered in Maryland if they have fewer than 60 benefits eligible employees. To the extent an existing Client employs an average of fewer than 51 employees for the previous calendar year, ADP TotalSource will provide notification to the Client of termination of the Agreement to become effective no later than May 31 of the year following the drop in average number of employees.

New York Insurance Law Requiring Enrollment

New York Insurance Law, Section 4235(c)(1)(A) requires eligible employees to be enrolled in a health plan if the employee is eligible for 100% employer contribution for an employee-only coverage tier level of health coverage. An employee, under these circumstances, cannot waive health coverage for any reason including if the employee has an offer of coverage through a spouse's group health plan or through the Health Insurance Marketplace. **Please note that this requirement does not apply to Self Employed Individuals subject to imputed income on the value of their health insurance cost.**

Therefore, ADP TotalSource must automatically enroll any employee who is eligible for 100% employer contribution for any health plan offering issued out of New York, if they fail to make a health plan election on their own. The employee will be automatically enrolled in the lowest cost, employee-only health insurance benefit option that is issued out of New York. Dependents will not automatically be enrolled. Upon automatic enrollment, an employee will not be permitted to drop health coverage through the ADP TotalSource, Inc. Health and Welfare Plan during the respective Plan Year unless the employer no longer provides a 100% contribution towards employee-only coverage tier level of health coverage or in the event the employee is no longer eligible for such coverage.

In the event ADP TotalSource automatically enrolls an employee that is also enrolled through a spousal group health plan, the employee should review each policy to determine which policy will be primary. In many cases, the coverage provided through the ADP TotalSource, Inc. Health and Welfare Plan will be the employee's primary health insurance coverage and the spousal group health coverage will be considered secondary health coverage. Additionally, under these circumstances, an employee will not be eligible to contribute to an HSA or receive employer contributions towards an HSA if they are enrolled in a High Deductible Health Plan (HDHP) through ADP TotalSource and the spousal group health coverage is not a qualified HDHP. ADP TotalSource does not collect information concerning spousal group health coverage and will not actively stop HSA contributions in such cases. Employees should consult with their tax advisor if they are uncertain whether they are eligible to make HSA contributions based on their individual circumstances.

For further details regarding this New York Insurance Law, please refer to the New York Department of Financial Services website at <http://www.dfs.ny.gov/insurance/ogco2010/rg101215.htm> and search for *Group Health Insurance, Waiver of Coverage*.

Texas Senate Bill 51 Disclosure

Under Texas law, companies with employees based in Texas that are enrolled in certain health, dental or vision plans are:

- Responsible for the cost of an enrolled individual's benefit coverage from the time the individual is no longer part of the group that is eligible for coverage, until the end of the month in which the group policyholder (i.e. ADP TotalSource) notifies the insurance carrier; and
- Required to provide coverage for the individual under the policy until the end of the month in which notification is received by the insurance carrier.

This means that if one of your Texas employees ceases working for your company, your company will be required to pay for benefits coverage for the employee through the end of the month for the month in which you notify ADP TotalSource of the separation of employment of your employee. If you have Texas employees, this law could result in additional costs for the extended coverage required by Texas law. You can minimize these additional costs by notifying ADP TotalSource of any Texas employee terminations immediately, especially for terminations occurring during the last two weeks of any month by following the processes below:

- Make sure to report your Texas employee terminations to ADP TotalSource no later than 12:00 noon on the last business day of the month in which the termination occurs.
- **Do not** wait to send in employee terminations with your payroll.
- Fax employee terminations to your ADP TotalSource Payroll Representative immediately if you are not using adptotalsource.adp.com to report your employee terminations.
- Report your employee terminations by logging on to adptotalsource.adp.com. Contact your Payroll Representative to gain access to the employee termination functionality (eTerm) through ADPTotalSource. This program makes termination processing easier.

IMPORTANT NOTE: If notification is received past the reporting date and time, you will be responsible for paying the cost of the extended coverage for each additional month until notice of the termination is received and processed by ADP TotalSource.

You understand that by not reporting Texas employee terminations to ADP TotalSource by 12:00 noon on the last business day of the month in which the termination occurs, you may incur additional costs towards extended coverage for such terminated employees due to Texas Senate Bill 51 legislation.

Cash Management Disclosure

ADP TotalSource will, absent unusual circumstances, forward the employer contributions to the Health and Welfare Plan to the plan's applicable insurance carrier(s) within one to fifteen business days. Thus, the period that ADP TotalSource will earn interest on funds representing employer contributions to the Health and Welfare Plan is generally no longer than (15) business days. ADP TotalSource forwards COBRA contribution payments received from qualified beneficiaries to the insurance carriers on approximately the twentieth business day of each month. ADP TotalSource earns interest income on any such payments it receives from the date of receipt through the twentieth business day of the month.

ADP TotalSource earns interest on all such funds while such funds are in ADP TotalSource' possession. ADP TotalSource invests funds that it collects from Clients' bank accounts or received in the form of COBRA continuation payments in or pursuant to the following types of investments: long and short term investments, such as money market funds, United States Treasury obligations, corporate notes, and other investments. Because of the varied nature and duration of the foregoing investments, the interest rate varies.

First of the Month Following Date of Hire Exception



An exception has been made to the Health & Welfare Benefits waiting period for TULARE LOCAL HEALTH CARE DISTRICT and all benefit eligible employees hired by their company. This exception means that Health & Welfare Benefits will become effective the **first day of the month** following an employee's hire date. The exception applies to all benefit classes (unless otherwise approved) and will apply to coverage on your benefit effective date.

Please review the important points below and sign confirming acknowledgment, as there can be timeline challenges with this arrangement.

- **Hire Early.** The earlier in the month you hire someone, the more likely that person will have an ID card in hand close to their benefits start date.
- **Submit the New Hire Information Right Away.** The employee will receive an email notification with registration and benefit enrollment instructions after the new hire process is completed in our portal. The enrollment window will be available 1 day after their hire date and will remain open for 29 days. However, please note coverage for employees hired on the first of the month will begin effective that same day.
- **Enroll Via the Web.** To save time, ask new employees to enroll via <https://ADPTotalSource.adp.com/>. Please ask employees to enroll as soon as possible to avoid further delays to their enrollment and ID cards.
- **Insurance Carriers Need Time.** Once ADP TotalSource® receives your enrollment elections, please allow 10-14 business days for the insurance carrier to finalize the enrollment process.
- **ID Cards Take Time.** Our insurance carriers mail ID cards; allow 10 business days for printing and mailing to receive.
- **Benefits Billing Invoicing.** At ADP TotalSource, we process benefits billing at the beginning of each month. If we receive a late enrollment, you may be double billed in the following month.

Thank you for partnering with ADP TotalSource!

TULARE LOCAL HEALTH CARE DISTRICT

(Client Name)

(Client Signature)

Name

Title

Date

XXXXXXXXXX

Federal I.D.

MODIFICATION ADDENDUM

This Modification Addendum (this “Addendum”) modifies that certain Client Services Agreement (the “Agreement”) entered into by and between **ADP TOTALSOURCE, INC.** (“TotalSource”), and any of its subsidiaries or affiliates to which it may assign the Agreement, and the other party executing this Addendum (“Client”). The parties agree to the following terms and modifications to the Agreement:

1. **Part 2, Section 13** of the Agreement is amended by adding the following subsection E to that section:

“E. **Security Incident.** TotalSource will as promptly as possible after becoming aware of an actual security breach which compromises the confidentiality or security of Confidential Information (“Security Incident”) and notify Client in writing of such Security Incident. For any Security Incident, TotalSource will: (i) promptly furnish to Client those details of the Security Incident that directly pertains to the Client’s impacted information; (ii) reasonably assist and cooperate fully with Client in Client’s investigation related to the Security Incident, and making available relevant records, logs, files, and data pertaining to the Client’s impacted information; (iii) reasonably cooperate with Client in any litigation or other formal action against third parties deemed reasonably necessary by Client to protect its rights; and (iv) promptly use its reasonable efforts to prevent a recurrence of any such Security Incident. TotalSource will perform such actions set forth in this Section at its own cost and expense. Furthermore, in the event that applicable law requires notification to individuals and others of any such Security Incident, TotalSource will take additional mitigation steps including providing assistance with the drafting and mailing of such notifications, as well as offering to provide one year of industry standard credit monitoring services and identity theft insurance to each affected individual at no cost to Client. The requirement to offer such monitoring and insurance will only exist for consumers in those jurisdictions where such products are available.”

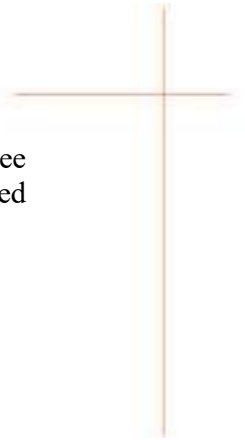
2. **Miscellaneous:**

- a) Client and TotalSource represent that there are no other changes to the Agreement, except for any prior written modifications signed by both TotalSource and Client.
- b) This Addendum is incorporated by reference in and is a part of the Agreement. This Addendum need not be referenced in any instrument or document at any time referring to the Agreement, a reference to the Agreement shall be deemed a reference to the Agreement as modified hereby.
- c) In the event of any inconsistency or contradiction between the terms of this Addendum and the Agreement, the provisions of this Addendum shall prevail and control.
- d) Capitalized terms defined in the Agreement and used in this Addendum shall have the respective meanings assigned to such terms in the Agreement, unless clearly otherwise defined in this Addendum.
- e) This Addendum may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same document. Each party may execute this Addendum using an electronic signature and such signature shall be treated in all respects as



having the same effect as an original handwritten signature. The parties agree that a signature transmitted via facsimile or electronic mail shall be deemed original for all purposes hereunder.

[Signature Page to Follow]





TotalSource and Client execute this Addendum, in their respective corporate names by their duly authorized officers on the respective dates provided below.

Client's Legal Name: TULARE LOCAL HEALTH CARE DISTRICT

Federal I.D. Number: XXXXXXXXXX

[Electronic Signature Block at the Bottom of the Page]

TULARE LOCAL HEALTH CARE DISTRICT

ADP TOTALSOURCE, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



ACA Services Acknowledgment & Election Form

ACA Compliance Services

During the term of that certain Client Services Agreement (“CSA”) entered into by and between ADP TotalSource, Inc. (“TotalSource”) and Client (as such term is defined below), TotalSource will assist Client in complying with the employer mandates of the Affordable Care Act (“ACA”). The group health coverage provided through the TotalSource Health and Welfare Plan complies with ACA standards and mandates generally applicable to group health plans. Additionally, subject to the terms of the CSA, TotalSource will provide Client with the following ACA Compliance Services: Implement a standard 12-month measurement period, assistance in establishing waiting periods and any applicable measurement/stability eligibility periods, issuing ACA required Notices of Coverage Options to all newly hired worksite employees, reporting the value of employer-provided health coverage on annual W-2 forms, assisting clients that are applicable large employers with complying with annual reporting requirements by issuing 1095-C forms and transmitting 1094-C and 1095-C forms to the Internal Revenue Service on behalf of the Client, provide Exchange/Marketplace notice and penalty management, and providing Client with tools and guidance to assist with determining its “applicable large employer” (“ALE”) status and determining whether plan offerings and eligibility classifications meet applicable minimum coverage and affordability requirements. Client acknowledges that although TotalSource will assist Client in determining affordability, if Client is an ALE, Client is ultimately responsible for offering affordable coverage and may be subject to an “assessable payment” under Section 4980H of the Internal Revenue Code if affordable coverage is not offered to all full-time worksite employees.

ACA Reporting Services

Entities that are considered an ALE are subject to the employer shared responsibility provisions of Section 4980H of the Internal Revenue Code (“Code”) and related annual employer reporting obligations required by Section 6056 of the Code. Whether an entity is an ALE is determined each calendar year and depends upon the average size of the entity’s workforce during the prior year. If an entity, combined with other members of its controlled group or affiliated service group, employed at least 50 full-time employees, including full-time equivalent employees, on average during the prior year, the entity is considered an ALE for the current calendar year and subject to the employer shared responsibility provisions and the employer information reporting provisions for the current year.

If Client is an ALE, TotalSource will assist Client in complying with the annual employer reporting required under Section 6056 of the Internal Revenue Code by issuing Forms 1095-C to all applicable employees and transmitting Forms 1094-C and 1095-C to the Internal Revenue Service on behalf of the Client under Client’s Federal Identification Number, provided that Client timely provides TotalSource with any additional data or information necessary to complete such forms (“ACA Reporting Services”). TotalSource will only provide ACA Reporting Services for the calendar year containing the Effective Date of the Agreement (“Initial Calendar Year”) for Clients that complete this ACA Services Acknowledgement and Election Form and request such services. ACA Reporting Services for the Initial Calendar Year will not be offered to Client if the Effective Date of the Agreement is in the month of December. During the Term of the Agreement, TotalSource will automatically provide the ACA Reporting Services related to any calendar year subsequent to the Initial Calendar Year for a Client that is determined to be an ALE.

Transmission of Forms

Client must review and approve the Forms 1095-C on or before February 1st of the current filing year in the ADP system. By completing this ACA Services Acknowledgment & Election Form, Client understands that if Client does not actively approve the Forms 1094/1095-C in the ADP system by February 1st, Client automatically grants TotalSource permission to file IRS Forms 1094/1095-C Employer-Provided Health Insurance Offer and Coverage on behalf of the ALE Member/FEIN listed below. Any required modifications will require corrected Forms to be filed.



TotalSource Select Services

If Client is receiving TotalSource Select Services, whereby Client is not participating in the TotalSource Health and Welfare Plan, the following will apply with respect to this ACA Services Acknowledgement and Election Form. If Client is an ALE, Client may request assistance with ACA reporting, including creation of Form 1094-C and 1095-C, distribute Form 1095-C to applicable employees, and transmit Forms 1094-C and 1095-C to the Internal Revenue Service. Accordingly, Client must provide applicable data, including medical benefits information, before December 10th of the ACA reporting year. Client will be solely responsible for ensuring that its health coverage complies with applicable ACA standards and mandates, including whether its health plan meets the ACA’s minimum essential coverage and affordability requirements. Client acknowledges that measurement periods and certain ACA applicable menus and dashboards may be unavailable. If ACA Reporting Services are elected for the Initial Calendar Year and/or subsequent years (as indicated below), Client agrees to pay TotalSource an annual Service Fee calculated as \$3,527.00 (base fee) plus \$25.75 per 1095-C generated.

Election of Services

By its signature below, Client makes the following representation (check where applicable):

- Client **IS** an ALE subject to the employer shared responsibility provisions and related annual employer reporting obligations.
- Client **IS NOT** an ALE subject to the employer shared responsibility provisions and related annual employer reporting obligations.

Please complete below only if Client IS an ALE

- Client **DOES** require ACA Reporting Services to be provided for the Initial Calendar Year.
***Please note that level of assistance may vary depending on the effective date of benefits and the type of coverage maintained prior to joining TotalSource.**
- Client **DOES NOT** require ACA Reporting Services to be provided for the Initial Calendar Year.

Please complete below if Client IS an ALE (Do not complete if Client is receiving TotalSource Select Services):

For purposes of the employer shared responsibility provisions, an employee is a full-time employee for a calendar month if he or she averages at least 30 hours of service per week, or 130 hours per month. IRS regulations allow employers to utilize an eligibility look-back measurement method to determine whether an employee is full-time for a future period (referred to as the stability period), based upon the employee’s hours of service in a prior period (referred to as the measurement period) of both ongoing and certain new variable hour employees, seasonal employees, and employees of educational organizations.

- Client **DOES** utilize the look-back measurement method to determine whether an employee is full-time for a future period (stability period) that is based upon the employee’s hours of service in a prior period (measurement period). *
- Client **DOES NOT** utilize the look-back measurement method to determine whether an employee is full-time for a future period (stability period) that is based upon the employee’s hours of service in a prior period (measurement period).

***Please note that all newly hired employees (excluding seasonal) that are reasonably expected to work an average of at least 30 hours per week must be offered benefits coverage subject to the elected standard waiting period (not to exceed 90 days from the date of hire) and their initial benefit eligibility will not be determined under the look-back measurement method.**



Controlled Group Set Up

For ACA reporting purposes, the IRS considers companies that are ALE’s and also part of a controlled group or affiliated service group to be part of an “Aggregated ALE Group.” Each ALE that is a part of an Aggregated ALE Group must indicate such in the Form 1094-C filing and list each other group member by entity name and FEIN.

Please indicate below whether Client is a part of a controlled group and, if so, provide each controlled group member name and FEIN. Please note that any failure to provide controlled group or affiliated service group information may subject Client to IRS penalties for filing an incorrect or incomplete Form 1094-C.

Client should review the Controlled Group Summary below and consult with its legal or tax advisor about any questions regarding its controlled group status prior to completing this form.

Please complete below:

- Client IS NOT part of a controlled group/Aggregated ALE Group for ACA reporting purposes.
- Client IS part of a controlled group/Aggregated ALE Group for ACA reporting purposes. If you indicated you are part of a controlled group, please list each controlled group member entity, FEIN, and number of full-time equivalent employees below:

ENTITY NAME	FEIN	Number of Full-Time Equivalents
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Client agrees to notify TotalSource of any changes with regard to its controlled group status.



Client acknowledges that TotalSource is relying on the elections made by Client herein in order to provide the ACA Compliance and Reporting Services described above. Client represents and warrants that such elections are true and accurate, including Client’s ALE status. Client agrees to notify TotalSource of any changes with regard to such elections.

Agreed and Acknowledged By:

Client’s Legal Name: TULARE LOCAL HEALTH CARE DI
 (“Client”)

Signature: _____

Name: _____

Title: _____

Date: _____

Federal I.D. Number: XXXXXXXXXX



Summary of Controlled Group Rules

How a Controlled Group is defined:

A parent-subsidary controlled group exists when:

One or more chains of corporations are connected through stock ownership with a common parent corporation; and 80 percent of the stock of each corporation, (except the common parent) is owned by one or more corporations in the group; and – Parent Corporation must own 80 percent of at least one other corporation.

A brother-sister controlled group is a group of two or more corporations, in which five or fewer common owners (a common owner must be an individual, a trust, or an estate) own directly or indirectly a controlling interest of each group and have effective control.

- Controlling interest generally means the five or fewer owners own 80 percent or more of the stock of each corporation; and
- Effective control generally means the five or fewer owners own more than 50 percent of the stock of each corporation, but only to the extent such stock ownership is identical with respect to each such corporation.

A combined group consists of three or more organizations that are organized as follows:

- Each organization is a member of either a parent-subsidary or brother / sister group; and
- At least one corporation is the common parent of a parent-subsidary; and is also a member of a brother-sister group.

Under Section 414, all employees of trades or businesses (whether or not incorporated) under common control are treated as a single employer under the same principles as described above. This would include partnerships, LLCs, associations, and sole proprietorships that are part of a controlled group or affiliated service group.

An affiliated service group is one type of group of related employers and refers to two or more organizations that have a service relationship and, in some cases, an ownership relationship. An affiliated service group can fall into one of three categories:

- A-Organization groups (referred to as “A-Org”), consists of an organization designated as a First Service Organization (FSO) and at least one “A organization”,
- B-Organization groups (referred to as “B-Org”), consists of a FSO and at least one “B organization”, or
- Management groups. Under this test, two business entities constitute an affiliated service group if the principal business of one entity is the regular and continuing performance of management services for the second entity, or the performance of regular and ongoing management services for the second entity and other entities related to the second entity.

** ADP TotalSource has developed this summary of controlled group and affiliated service group rules to provide general guidance only. It is not designed to take the place of consultation with a tax advisor to evaluate the details of any specific employer type or definition.*



Authorization Agreement for ACH/Preauthorized Payments/Direct Debit of Fees/Credits and Additional Processing Terms ("Agreement")

Client Name: TULARE LOCAL HEALTH CARE DISTRICT ("Client")

Client Address: 842 N Gem St, Tulare, CA, 93274

Mailing Address: _____

Financial Institution: _____ (the "Bank")

Account Number: _____ (the "Bank Account") Routing Number: _____

Officer's Name: _____ Telephone: _____

This Agreement and the provisions of Exhibit A, attached hereto and incorporated by reference herein, form the entire Agreement and expressly authorizes ADP TotalSource, Inc., its parent company, ADP, Inc., and ADP Payroll Services, Inc., as the case may be (collectively referred to in this Agreement as "TotalSource") to debit Client's Bank Account via Automatic Clearing House electronic debit transfer ("ACH Debit") for funds owed to TotalSource by Client in connection with that certain Client Services Agreement ("CSA") entered into by and between ADP TotalSource, Inc. and Client and, additionally, as further detailed in the following paragraph.

Client represents and warrants that it is the sole owner of the Bank Account and that Client has the unconditional authority to authorize TotalSource to ACH Debit the Bank Account. As such, Client hereby authorizes TotalSource to ACH Debit the Bank Account for all amounts due to TotalSource in connection with the CSA, including, but not limited to, (i) amounts due to TotalSource as result of the Services, as such term is defined in the CSA, received by Client in accordance with the CSA; (ii) any additional service(s) or products requested by Client, including, but not limited to, any such services or products provided by ADP, Inc., that are in addition to the Services provided by TotalSource under the CSA and also any transactions initiated by TotalSource to satisfy Client's third party payment obligations; (iii) any liquidated damages and/or early termination fees agreed upon by both parties by separate agreement that are due to TotalSource as a result of an early termination or breach of the CSA; and (iv) payment of amounts due to TotalSource pursuant to a corporate guaranty document, if any (collectively "Monetary Obligations").

Client shall indemnify, hold harmless, protect and defend TotalSource, its parents, subsidiaries, affiliates, directors, officers, agents and assigns from all claims, expenses, losses, damages and liabilities arising from claims or actions against Client and/or TotalSource as a result of this Agreement.

Client authorizes the Bank to accept and honor ACH Debits (and credits, if applicable) initiated by TotalSource in accordance with the terms of this Agreement. In consideration of the Bank's compliance with such authorization, Client agrees that the Bank's treatment of any ACH Debit shall be the same as if the ACH Debit was initiated personally by Client. Further, if the Bank dishonors any ACH Debits initiated by TotalSource, whether with or without cause, the Bank shall be under no liability whatsoever.

Client acknowledges that it may have to sign additional forms or documents in order to effectuate the purpose of this Agreement and also to set up the automatic invoice payment. If necessary, Client agrees to sign such additional forms and documents without delay. In addition to executing this Agreement, Client acknowledges that it must also provide TotalSource with a void check from the Bank Account.

The authorization granted under this Agreement shall commence upon Client's execution of this Agreement and shall remain in effect until (i) revoked in writing by an authorized representative of Client and (ii) the Bank and TotalSource have each received such notice and have had reasonable time to act upon such notice. Client understands that termination of this Agreement in no way abrogates its obligation to satisfy its Monetary Obligations due to TotalSource, including those obligations related to the Services rendered under the CSA.



Authorization Agreement for ACH/Preauthorized Payments/Direct Debit of Fees/Credits and Additional Processing Terms

Client acknowledges that it has been approved for a conditional threshold limit of \$190,977 ("Threshold Limit") per regularly scheduled payroll. In the event Client's regularly scheduled payroll exceed the Threshold Limit then TotalSource, in its sole discretion, shall have the option to require Client to transfer the funds for such payroll by way of wire transfer. In the event TotalSource requires Client to wire transfer funds, Client shall ensure that such transfer is received by TotalSource no later than 2:00pm EST on the day that is seventy-two (72) hours prior to the date in which the Worksite Employees are scheduled to be paid. The threshold limit is subject to change as determined by TotalSource.

Client acknowledges that its payroll schedule can be viewed in My TotalSource or obtained from its TotalSource Payroll Representative and that its failure to timely enter payroll data may result in delayed payment to the Worksite Employees, suspension of Direct Deposit for the subject payroll period since Direct Deposit requires additional processing time, additional processing fees and/or a change in payments terms (i.e., ACH Debit to wire transfer).

Client agrees that the funds necessary to process all Nonstandard Wages (e.g., bonus payments), as such term is defined in the CSA, shall be transferred to TotalSource via wire transfer to be received by TotalSource no later than 2:00pm EST on the day that is seventy-two (72) hours prior to the date in which the Worksite Employee(s) are scheduled to receive payment of the Nonstandard Wages. Client further agrees that it must notify its TotalSource Payroll Representative in writing and schedule the processing of its Nonstandard Wages at least seventy-two (72) hours prior to the date in which the Worksite Employee(s) are scheduled to receive payment of such Nonstandard Wages. Client acknowledges that its failure to timely comply with the requirements provided in this paragraph may result in a delay in the processing the Nonstandard Wages, a conflict in processing Client's regularly scheduled payroll and/or an inability to tender the subject Nonstandard Wages by way of Direct Deposit.

Client acknowledges and agrees that (i) ADP Payroll Services, Inc ("ADPPSI"), a licensed money transmitter, is responsible for providing the money transmission services hereunder and is a party to this Agreement and (ii) ADP TotalSource's provision of Services hereunder shall be deemed acceptance of this Agreement by TotalSource and ADPPSI. Exhibit A, to the extent applicable, contains information related to how to file a complaint in connection with the money transmission services. Client acknowledges and agrees that, notwithstanding anything to the contrary, Client's right to refund under any State law shall first be subject to any offset for funds due to TotalSource with respect to any previous transactions completed on Client's behalf by TotalSource, and subject to the terms and conditions of this Agreement and any other agreement between Client and TotalSource. This Agreement shall not be modified except by a writing signed by TotalSource and Client.

Client executes this Agreement, in its corporate name by its duly authorized officer on the date provided below.

Authorized Client Signature

Name:

(TypeOrPrint)

Title:

(TypeOrPrint)

Date:

(TypeOrPrint)

For Internal Use Only:

Date to Accounting:

Effective Date:



Authorization Agreement for ACH/Preauthorized Payments/Direct Debit of Fees/Credits and Additional Processing Terms

EXHIBIT A

The provisions set forth in this Exhibit A shall be incorporated by reference into the Authorization Agreement for ACH/Preauthorized Payments/Direct Debit of Fees/Credits and Additional Processing Terms ("Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement or the NACHA Operating Rules & Guidelines, as the same may be amended from time to time (the "NACHA Rules"), as applicable.

Client, as an Originator, makes the following representations, warranties, covenants, certifications, authorizations and acknowledgments:

- (i) Client agrees (1) to be bound by and warrants it will comply with the NACHA Rules, as the same may be amended from time to time, (2) warrants it will not submit Entries that violate the laws of the United States, (3) warrants it will comply with all U.S. laws, rules and regulations, including, as applicable, laws, rules and regulations applicable to IAT Entries (including those of the Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network), (4) acknowledges and agrees that TotalSource shall have the right to audit Client's compliance with the provisions of this Exhibit A, the Agreement and the NACHA Rules, and (5) acknowledges and agrees that TotalSource shall have the right to suspend or terminate initiating ACH transactions immediately upon notice to Client in the event Client breaches any of the NACHA Rules;
- (ii) Client (1) certifies that it has not been suspended and does not appear on a National Association list of suspended Originators, and (2) warrants that it will not transmit any Entry if it has been suspended or appears on a National Association list of suspended Originators;
- (iii) Client authorizes TotalSource to initiate Entries on behalf of Client to its Receivers' accounts and Client agrees to be financially responsible to Originating Depository Financial Institution ("Bank") for all Entries initiated by TotalSource on Client's behalf;
- (iv) Client acknowledges and agrees that TotalSource and Bank (1) may restrict certain types of Entries, (2) shall have the right to reject any Entry or series of Entries, and (3) shall have the right to reverse Erroneous Entries;
- (v) Client represents, warrants and certifies that (1) prior to submission, each Entry has been properly authorized by Client and the Receiver in accordance with the NACHA Rules, including, but not limited to (a) the authorization has not been revoked, (b) the Agreement has not been terminated, (c) Client has no knowledge of the revocation of the Receiver's authorization or termination of the agreement between the Receiver and the RDFI concerning the Entry, and (d) at the time the Entry is processed by a RDFI, the authorization for that Entry has not been terminated, in whole or in part, by operation of law, (2) Client will retain all authorizations for a minimum of two (2) years following termination or revocation of the authorization, and (3) Client will provide a copy of such authorization to TotalSource or Bank upon request;
- (vi) Client represents, warrants and certifies that (1) all credit and debit Entries will be accurate and timely, and (2) each Entry will contain all information required by the NACHA Rules for specific Entry types, including, but not limited to, the Receiver's correct account number, dollar amount of the Entry, Client's Name, and Client's Entry description;
- (vii) Client acknowledges and agrees that (1) Client shall be responsible for promptly detecting and correcting any errors, (2) any Entry sent to TotalSource that identifies the Receiver inconsistently by name and account number may be processed by Bank based solely on the account number provided, (3) TotalSource is authorized to take such measures as TotalSource deems appropriate to carry out the intent of Client in completing any particular Entry, including, but not limited to, TotalSource may contact Client or may attempt to retransmit any Return Entry, and (4) subject to any limitations set forth in the applicable client services agreement with TotalSource, Client shall indemnify TotalSource, its parent, subsidiaries, predecessors, successors, affiliates, directors, officers, fiduciaries, insurers, employees and agents, for any claim, demand, loss, liability or expense (including reasonable attorneys' fees, penalties, fines or interest) resulting from the debiting or crediting of any Entry or a breach of the Agreement (including the provisions of this Exhibit A);
- (viii) Client agrees to implement and maintain safeguards to protect against (1) any unauthorized access to confidential information being stored, processed or transmitted in connection with Entries, and (2) submission of fraudulent Entries purportedly on Client's behalf; and
- (ix) Client represents and warrants, to the extent applicable, that (1) the origination of each IAT Entry shall comply with the laws and payment systems rules of the receiving country, and (2) any submission by Client requiring initiation of an IAT Entry by TotalSource shall include the name and physical address of each of Client and the Receiver, the account number of the Receiver and the identity of the Receiver's bank, bank ID number and bank branch code.

California Clients see below for information about filing complaints about the money transmission service: If you have any complaints regarding money transmission activities, please contact California Department of Business Oversight at:

<p>Department of Business Oversight Attn: Consumer Services 1515 K Street, Suite 200 Sacramento, CA 95814 Telephone: (866) 275-2677 Email: consumer.complaint@dbo.ca.gov</p>

Attach copy of Voided Check

***Note: In order for ADP, Inc., and its subsidiaries and TALX UCM Services, Inc., to represent your company in the state of California, a current list of your company officers is *required*. This list must be on your corporate letterhead and needs to include the following information: current officers, their title, their social security number and the address of your corporate headquarters. The officer signing the Letters of Authority must be on this list.

YOUR CORPORATE LETTERHEAD

Corporate Address: Sample Company
1234 Woodfield
St. Louis, MO 63116

Corporate Officers: John Doe
Chairman of the Board
SSN 999-99-9999

Jane Doe
Vice President
SSN 999-99-9999

Jerry Doe
Treasurer
SSN 999-99-9999



POWER OF ATTORNEY (POA) DECLARATION

SEE INSTRUCTIONS ON THE BACK OF THIS FORM.

I. EMPLOYER/TAXPAYER INFORMATION *(please type or print)*

California Employer Payroll Tax Account Number: <i>(if applicable)</i> Applied for	Taxpayer Identification Number:	Federal Employer Identification Number: XXXXXXXXXX	
Owner/Corporation Name: TULARE LOCAL HEALTH CARE DISTRICT	Social Security Number (SSN)/Corporate Identification Number:		
Business Name/Doing Business As (DBA):			
Business Mailing Address: 842 N Gem St	City: Tulare	State: CA	ZIP Code: 93274
Business Phone Number: 559-685-3879	Business Fax Number:		
Business Location <i>(if different from above)</i> :	City:	State:	ZIP Code:

II. REPRESENTATIVE DESIGNATION *(please type or print)*

I hereby appoint the following person to represent the employer/taxpayer for specified tax matters arising under the California Unemployment Insurance Code.

Representative's Business: ADP, Inc., and its subsidiaries and TALX UCM Services, Inc.			
Representative's Name:	Phone Number:	Fax Number:	
Business Mailing Address: PO Box 66748	City: St. Louis	State: MO	ZIP Code: 63166

III. AUTHORIZED ACT(S)

- GENERAL AUTHORIZATION:** If you want to give the representative general authority to perform all acts on your behalf with regard to your state tax matters.
- SPECIFIC DECLARATION:** If you want to give the representative limited authority with regard to your state tax matters, indicate the specific dates and acts you are authorizing.
- From _____ To _____
- To represent the employer/taxpayer for any and all
 - Tax Reporting Benefit Reporting Both matters relating to the reporting period indicated above.
 - To represent the employer/taxpayer for changes to their mailing address for any and all
 - Tax Reporting Benefit Reporting Both matters relating to the reporting period indicated above.
 - Other acts: *(describe specifically)* _____

Subject to revocation, the above representative is authorized to receive confidential information.

IV. SIGNATURE AUTHORIZING POWER OF ATTORNEY

Signature of the employer/taxpayer, owner, officer, receiver, administrator, or trustee for the employer/taxpayer: If you are a corporate officer, partner, guardian, tax matters partner/person, executor, receiver, administrator, or trustee on behalf of the employer/taxpayer, you are certifying that you have the authority to execute this form on behalf of the employer/taxpayer by signing this Power of Attorney Declaration.

If this Power of Attorney Declaration is not signed and dated, it will be returned as invalid.

I certify under penalty of perjury that the above information is true, correct, and complete, and that these actions are not to be taken to receive a more favorable Unemployment Insurance rate. I further certify that I have the authority to sign on behalf of the above business.

Signature Title (Owner, Partner, Corp. Officer: Pres., Vice Pres., CEO or CFO)

Print Name SSN Date

Instructions for Completing the *Power of Attorney (POA) Declaration, DE 48*

General Information

This DE 48 is your written authorization for an individual or other entity to act on your behalf in tax and/or benefit reporting matters, and will remain in effect until it is rescinded or revoked. When a new POA is filed with the Employment Development Department (EDD), the new POA will automatically revoke any prior declaration(s) on file unless you attach a copy of each POA that you want to remain in effect. In addition, if you need to limit the term of a POA, you must specify the date it will expire as outlined in Section III below. For general information, call the Account Services Group at 916-654-7263.

- I. **EMPLOYER/TAXPAYER INFORMATION** - Enter your California Employer Payroll Tax Account Number (*if applicable*), Taxpayer Identification Number, Federal Employer Identification Number, Owner or Corporation Name, Owner(s) Social Security Number or Corporate Identification Number, Business Name/Doing Business As (DBA), mailing address, business phone and fax number(s), and business location if different than the mailing address.
- II. **REPRESENTATIVE DESIGNATION** - Enter the representative's business, representative's name, phone number, fax number, and address.
- III. **AUTHORIZED ACT(S)** - If you want to authorize your representative to perform any and all acts on your behalf, check the "General Authorization" box. If you want to limit this authorization, check the boxes that apply under "Specific Declaration." Enter the beginning and ending dates of each interval/period for which you are making the declaration.
- IV. **SIGNATURE AUTHORIZING POWER OF ATTORNEY** - The POA must be signed and dated by the business owner, partner, or corporate officer (i.e., President, Vice President, CEO, or CFO). Please submit an updated list of corporate officers/owners with this document, if applicable. If the declaration is submitted without a signature or with an unauthorized signature, it will be returned.

Please return your completed DE 48 to the EDD at:

Employment Development Department
Account Services Group, MIC 28
PO Box 826880
Sacramento, CA 94280-0001
Fax 916-654-9211

You can also electronically submit a POA using e-Services for Business at www.edd.ca.gov/e-Services_for_Business.

If you have questions or need assistance completing this form, please call the Account Services Group Agent Line at 916-654-7263.