

RESOLUTION NO. 23-1060

A RESOLUTION OF THE BOARD OF DIRECTORS OF JOSHUA BASIN WATER DISTRICT AUTHORIZING ADOPTION AND EXECUTION OF THE DISTRICT'S SECTION 125 PLAN AND FLEXIBLE SPENDING ACCOUNT

WHEREAS, the District offers a Section 125 Plan and Flexible Spending Account as an employee benefit; and

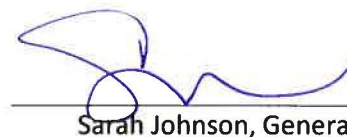
WHEREAS, it is required that the Section 125 Plan and Flexible Spending Account be adopted and authorized by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED, that the Section 125 Plan and Flexible Spending Account be adopted and approved in the form attached hereto;

FURTHER RESOLVED, the Joshua Basin Water District Board of Directors does hereby authorize the General Manager to execute an Adoption Agreement setting forth the terms and conditions of the plan on behalf of the District and to take all actions and execute and deliver such documents as necessary and to cause to be prepared and filed such reports documents or other information as may be required under applicable law.

Approved and Adopted this 6th day of December 2023 in Joshua Tree, California


Thomas Floen, President


Sarah Johnson, General Manager

SUMMARY PLAN DESCRIPTION

JOSHUA BASIN WATER DISTRICT Section 125 Plan
2024 Restatement

Federal Source Documentation

New Business

- * copy of completed paper or Internet (I-EIN) form SS-4, signed and filed by the client within three months
- * CP575 Notice of Verification of your Employer Identification Number dated within 2 years
- * copy of TEL-TIN (IRS documentation confirming EIN) dated within 2 years
- * handwritten federal documentation on IRS letterhead or containing IRS seal dated within 2 years

Household Employers

Federal documentation is not required as long as the client has been assigned a valid federal ID number by the IRS

All Others

- * copy of any pre-printed IRS document dated within two years
- * IRS mailing label
- * quarterly report prepared by Paychex or another automated filing service, dated within 2 years of Enrollment
- * original or copy of the pre-printed Federal Tax Deposit Coupon Form 8109 (Form 8109B will not be accepted)
- * print screen from the IRS's Business Master File containing the client name and EIN signed by an IRS representative or with IRS seal, and dated within 2 years of Enrollment
- * copy of IRS correspondence on IRS letterhead, dated within two years of enrollment, containing the taxpayer name and client's EIN
- * copy of faxed IRS correspondence containing an IRS fax date/time stamp within two years of enrollment, including taxpayer name and client's EIN

Paychex® Benefit Account Service Agreement

Office/Client Number

0479 / Z803

Federal ID Number

95-2387111

This Paychex® Benefit Account ("PBA") Service Agreement ("Agreement") is entered into between Paychex, Inc., and its affiliates ("Paychex"), located in Rochester, New York and the Company identified above and each Company identified in Part D (collectively "Client") pursuant to the terms and conditions of this Agreement.

Part A. Paychex Benefit Account Services Products and Services Selected. The products and services selected by Client.

Part B. General Terms and Conditions. The general terms and conditions for all Paychex Services are set forth in Part B.

Part C. Product and Services Terms and Conditions. The terms and conditions for the Services selected by Client are set forth in Part C.

Part D. Companies Entering Agreement. If one or more additional companies related to Client will be entering into an Agreement with Paychex, the list of companies entering into the Agreement are listed in Part D. Each Company listed in Part D will be deemed to be entering into a separate Agreement with Paychex for the Services identified in Part A.

Part A – Paychex Benefit Account Services

- 1. Paychex Benefit Account Services. Client engages Paychex to provide the Paychex Benefit Account Service Offering selected by Client below to Client and each additional Company identified on Part D or which Client directs Paychex to add in writing. The Services are provided subject to the terms and conditions set forth in this Agreement.

Table with 3 columns: Paychex Benefit Account Services, Integrated vs. Non-Integrated, and Initial to indicate selected Services. Rows include Flexible Spending Account (FSA), Health Reimbursement Arrangement (HRA), and Health Savings Account (HSA).

INITIALS

- 2. Client agrees that Paychex is not rendering legal, tax, accounting, or investment advice in connection with the Services, nor is Paychex a fiduciary of Client, a fiduciary of any Client benefit plan offered for the benefit of Client's Employees, or the employer or joint employer of the Client's Employees.
- 3. Client understands that this Agreement may be considered an application for credit and hereby authorizes Paychex to investigate and verify the identity, bank account and credit of the Client and/or its principals, including vendor references, bank account status, and history (collectively "Client's Credit").

The individual signing this Agreement represents and acknowledges that he or she has the authority to (i) execute this Agreement on behalf of the Client identified above and each Client identified in Part D, if applicable, and (ii) bind each identified Client to this Agreement. Client warrants that it possesses full power and authority to enter into this Agreement, and has read and agrees to the terms and conditions set forth in this Agreement and any attached Schedules.

Authorized Officer's Name

Sarah Johnson

Title

Managing Director

General Manager

Authorized Officer's Signature

DocuSigned by: SARAH JOHNSON

Date

10/23/2023 | 08:40 PDT

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Part B - General Terms and Conditions

1. Term and Termination

1.1. Term. The term of the Agreement will begin when Client executes the Agreement. Paychex will not be obligated to begin providing any individual Service until the Service Effective Date for each selected service. The Agreement will continue until terminated by the Parties as set forth below. Notwithstanding the above, the term of the Agreement shall continue through the expiration or termination date of any individual Service(s) provided by Paychex pursuant to this Agreement, until all Services have expired or terminated.

1.2. Termination. Either Party may terminate the Agreement between Paychex and Client upon thirty (30) days prior written notice. This notice requirement may be waived, in writing, by the Party entitled to such notice. Paychex may immediately terminate the Agreement or portion of the Agreement, if: (i) Client becomes subject to receivership, bankruptcy, or is insolvent; (ii) Paychex, in its sole discretion, determines that a material adverse change has occurred to Client; (iii) Client fails to have sufficient funds on the Funding Deadline, as defined below, or (iv) Paychex determines, in its sole discretion, that any Laws, regulatory action, or judicial decision adversely affects its interests under the Agreement. Termination of the Agreement will not relieve Client of any obligations set forth herein this Agreement, including, but not limited to, its payment obligations. Client acknowledges that it is required to terminate the Agreement for each Company listed in Part D individually, and that termination of the Agreement between Paychex and any one Client shall not act to terminate the Agreement between Paychex and any other Client identified in Part D, unless notice is provided as set forth herein. If a Service selected by Client is provided by a third-party vendor and the third-party vendor requires a separate service agreement Paychex may immediately terminate the Service requiring the third-party vendor agreement if the third-party vendor agreement is terminated for any reason.

2. Client Information and Contacts.

2.1. Client Information. Client will execute and/or provide all documentation, data, information and directives that Paychex requires to perform the Services under the Agreement including, where necessary, taking all corporate action ("Client Information"). Client will timely and accurately submit all necessary Client Information as set forth in the Agreement for the specific Services selected by Client. Client acknowledges that Client is responsible for any delayed remittance of Reimbursement Amounts to the intended recipient, any additional processing Fees, and any delay in performance of Services incurred as a result of its failure to submit Client Information as required by the Agreement for the specific Services selected by Client. Client acknowledges that Paychex may be required to obtain documents or information necessary to verify the identity of Client pursuant to applicable federal and/or state statutes or regulations. Paychex will provide the Services based on Client Information provided to Paychex by Client or its authorized contact which shall be considered authentic, accurate, and complete. Paychex is entitled to rely on Client Information and shall have no obligation to independently verify such information or obtain any additional authorization from Client. Paychex will not be responsible for errors that result from Paychex' reliance on Client Information.

2.2. Client Contacts. Client will designate authorized contact(s) that will submit Client Information to Paychex. Client is responsible for the accuracy of any Client Information submitted by authorized contacts and/or Client. Client acknowledges that it is solely responsible for designating all authorized contacts, establishing the level or type of access granted to each contact for each Service, and keeping all contacts and access levels current at all times. Client acknowledges that it is solely responsible for any damages, costs, expenses, or additional Fees that may be incurred as a result of its failure to provide updated contact information.

3. Review Reports and Data. Client will review all reports, documents, and data provided, made available, or accessible by Client on Client's account, and Client will inform Paychex of any inaccuracies within three (3) business days of receipt or availability.

4. Fees and Reimbursement Amounts. Client agrees to pay fees for all Paychex and third party Services selected by Client ("Fees") and remit funds to Paychex representing the amount due to pay or reimburse Paychex for any amount remitted by Paychex on behalf of Client ("Reimbursement Amounts") (collectively "Amounts Due") through an Electronic Fund Transfer ("EFT") or such other method as required by Paychex when due. Client agrees to provide Paychex with all information necessary to confirm receipt of the payment prior to the due date ("Funding Deadline"). Fees may include administration fees, per participant fees, fees per Client employee ("Employee") or Client independent contractor ("Independent Contractor") (Employee and Independent Contractor are referred to collectively as "Worker"), set up fees, minimum monthly fees, insufficient fund fees, late fees, premium processing fees, termination or transfer fees and any additional fees as described in Part C to this Agreement. Except as otherwise set forth herein, Paychex's Fees are subject to change upon thirty (30) days written notification to Client. Paychex may, in its sole discretion, require a security deposit from Client. Reimbursement Amounts include all amounts due to pay Client's Workers, remit taxes, pay garnishments, or otherwise fund Client's payment obligations for Services provided pursuant to this Agreement.

4.1. Electronic Funds Transfer.

- a. If Paychex requires payment of Amounts Due through an EFT, Client (i) will designate a bank account for the EFT of Amounts Due; (ii) will execute all documentation needed by Paychex to originate EFT transactions and to verify availability of funds in Client's bank account; (iii) agrees that the funds representing the Amounts Due will be on deposit in Client's bank account in collectible form and in sufficient amount on or before the Funding Deadline; and (iv) authorizes Paychex to collect all Amounts Due from Client's bank account on the Funding Deadline
- b. Client's submission of Client Information to Paychex constitutes Client's authorization for Paychex to create and transmit the Electronic Funds Transfer ("EFT") credit or debit entries ("Entry" or "Entries") contained therein.
- c. All EFTs are performed in compliance with the National Automated Clearing House Association operating rules ("NACHA"), which can be viewed at NACHAoperatingrulesonline.org. Client (i) authorizes Paychex to send Entries on behalf of Client to receivers and assumes the responsibilities of an originator of EFTs, if applicable; (ii) affirms that it obtained valid authorization of Entries from receivers; (iii) agrees to follow NACHA, as they are amended from time-to-time; (iv) will not originate any EFT that violates any law; (v) agrees that Entries are limited to Prearranged Payment and Deposit (PPD), Corporate Credit or Debit (CCD, CTX), International ACH (IAT) or others required for Services; and (vi) agrees that Paychex or originating banks have the right to audit Client's compliance with NACHA. Client further acknowledges and understands that Paychex may (i) identify Client to banks involved in the EFT and (ii) terminate or suspend the Agreement for breach of NACHA or this section. Client further agrees that it will notify Paychex, pursuant to applicable NACHA and federal regulations, if funding for Client's payroll is received from a foreign financial agency and of any Workers with non-U.S. addresses.
- d. Paychex may reject any Entry that does not comply with the requirements of this Agreement or NACHA or with respect to which Client's account does not contain sufficient available funds to pay for the Entry. Paychex will have no liability to Client by reason of the rejection of any Entry or Entries.
- e. Client will have no right to cancel, amend, or reverse an Entry received by Paychex after it has been submitted. In its own discretion, Paychex may use reasonable efforts to act on a request but will have no liability if the cancellation, amendment or reversal is not

successful. Client agrees to reimburse Paychex for any expenses, losses or damages Paychex may incur in attempting to cancel, amend or reverse an Entry.

- 4.2. Payment by Wire Transfer or Other Method.** If Paychex requires payment of Amounts Due by a wire transfer or other method, Client agrees to provide Paychex with all information necessary to confirm receipt of the payment prior to the Funding Deadline.
- 4.3. Insufficient or Non-Confirmed Funds.** If sufficient funds are not available on the Funding Deadline, Paychex may take such action to collect Amounts Due including, but not limited to, reissuance of the EFT and assessing insufficient fund Fees. **Client acknowledges that Client is responsible for any delay in remittance of Reimbursement Amounts if Paychex is unable to confirm receipt of funds prior to the Funding Deadline.**
- 4.4. No Right to Interest.** Client waives any right to interest that may accrue on any amounts, including, but not limited to, Reimbursement Amounts, Fees, and security deposits received by Paychex.
- 4.5. Refund/Adjustment/Overpayment.** Except as set forth in a specific Agreement Paychex will not process any refunds, adjustments or overpayments until Paychex receives verification that all outstanding fees, payments, and balances due to Paychex have been paid and Client agrees that Paychex may apply any balances it is holding for Client to Amounts Due owed to Paychex or its affiliates. If Paychex remits an overpayment of Reimbursement Amounts on behalf of Client, Client agrees that it will reimburse Paychex for the overpayment the sooner of five (5) days of (i) Client receiving a return of the overpayment; or (ii) Client being notified that the overpayment amount would be applicable to future or other liability of Client; or (iii) the Agreement being terminated by either Party.
5. **Software.** If Client selects a Service or Services that require either the receipt of or access to Paychex or third party software, Client agrees to the terms and conditions set forth below.
- 5.1. Software Licenses.** Client has received, or may receive, certain computer software relating to Services selected by Client. Paychex grants Client a limited, non-transferable, non-exclusive license in all such software. Client agrees that if it does not accept all of the terms and conditions of any and all Paychex software, and/or third-party software, and any and all applicable license agreements provided to Client now or in the future, Paychex will not be obligated to perform Services dependent upon the software.
- 5.2. Right to Access Proprietary Software.** Client has received, or may receive, a limited, non-transferable, non-exclusive right to access and use Paychex proprietary hosted software products via a web browser. Paychex will host and retain physical control over the software and make such computer programs and code available only through the internet for access, use, and operation through a web browser. No provision under this Agreement shall obligate Paychex to deliver or otherwise make available any copies of computer programs or code from the software. Client is responsible for obtaining and maintaining all computer hardware, software, and communications equipment needed to access the software, and for paying all third-party charges (e.g. kiosk, Internet service provider, or telecommunications charges) incurred while accessing the software.
- 5.3. Confidentiality of Software.** Client acknowledges that the software received or accessed as part of Client's Services contains valuable trade secrets and confidential information owned by Paychex or third parties ("Confidential Information"). Client agrees that Client, its Workers and its agents will not, directly or indirectly: (i) sell, lease, assign, sublicense, or otherwise transfer; (ii) duplicate, reproduce, or copy; (iii) disclose, divulge, or otherwise make available to any third party; (iv) use, except as authorized by this Agreement; or (v) decompile, disassemble, or otherwise analyze for reverse engineering purposes the software received or accessed. Client will take appropriate action with Client's Workers and agents to satisfy its obligations under this Agreement with respect to the use, protection, and security of software. Client will notify Paychex immediately of any unauthorized use or disclosure of Confidential Information and will cooperate in remedying such unauthorized use or disclosure.
- 5.4. Intellectual Property Rights.** Paychex owns all rights, title, and interest, including, but not limited to, copyright, patent, trade secret, and all other intellectual property rights, in the software Client receives or accesses for Services. If Client is ever held or deemed to be the owner of any copyright rights in the software or any changes, modifications, or corrections to the software, Client hereby irrevocably assigns to Paychex all such rights, title, and interest. Client agrees to execute all documents necessary to implement and confirm the letter and intent of this section.
6. **Client Default.** In the event of a Client default, Paychex may, at its sole option, terminate the Agreement, or a portion thereof, without notice and declare any or all Amounts Due immediately due and payable. Client agrees to promptly reimburse Paychex for all advances or overpayments made by Paychex and to pay interest on the advances at the rate of one and one-half percent (1½%) per month, or the maximum allowable by applicable law, until paid. Client agrees that Paychex may initiate an EFT to Client's bank account for any past due Amounts Due. Client will be responsible for the costs of collection of Amounts Due including, but not limited to, attorneys' fees and court costs. Paychex may, in its sole discretion, commence an action within the County of Monroe, State of New York, or in any other court of competent jurisdiction for any monies due and owing from Client to Paychex.
7. **Limit of Liability.** Paychex' sole liability and Client's sole remedy for Paychex' breach of the Agreement will be (i) for Paychex to remit to the appropriate payee the funds received from Client; and/or (ii) for Paychex to reimburse Client or its Workers for any interest or penalties assessed by taxing authorities as a direct result of Paychex' breach of the Agreement. Paychex can only be held liable for breach of the Agreement and will not be held liable for (i) any negligent act or omission by Paychex; (ii) the acts of any other person or entity, including, but not limited to, Client and its Workers or agents, or any person or entity that provides services in connection with or as a result of Paychex' performance of its obligations under the Agreement; (iii) any loss, claim, or expense arising from any information provided or modified by Client; (iv) Client's breach of NACHA. **Paychex will, under no circumstances, be liable for any special, indirect, incidental, consequential, or punitive damages, including lost profits incurred by Client pursuant to this Agreement or by the transactions contemplated by it, however caused, on any theory of liability (including contract, tort, or warranty), or as a result of Paychex' exercise of its rights under the Agreement, even if Paychex has been advised of the possibility of such damages.**
8. **Indemnification.** Client will indemnify, defend, and hold Paychex and its affiliates, respective officers, directors, and Employees harmless from any and all claims, costs, attorneys' fees (including in-house counsel fees), and expenses resulting from or arising in connection with (i) a Client default; (ii) the use, misuse, reproduction, modification, or unauthorized distribution of Software; (iii) Client's breach of NACHA; (iv) Client's breach of any warranty set forth in the Agreement; and (v) any claims that any symbol, logo, or mark uploaded by Client or Client's agents, or printed on Client's handbooks or checks, infringes the intellectual property rights of any third party.
9. **Client Online Account.** If Client and/or Client's Employees access Services online or through any mobile or other electronic devices ("Online Account"), Client is solely responsible for (i) designating who is authorized to have access to the Online Account ("Authorized User(s)"); (ii) safeguarding all passwords, usernames, logins or other security features used to access the Online Account ("Online Account Access"); (iii) use of Online Account under any usernames, logins or passwords; (iv) ensuring that use of the Online Account complies fully with the provisions of this Agreement; and (v) any unauthorized access, or use, of the Online Account caused by Authorized Users' actions or inactions, including, without limitation, its failure to safeguard Online Account or Online Account Access. Client agrees to immediately notify Paychex of any actual or suspected unauthorized use of Online Account, and acknowledges that Client is solely responsible for damages resulting from Client's failure to timely notify

Paychex. Paychex reserves the right to limit, suspend, or terminate Client's and/or Authorized User(s)' access to Online Account should Paychex have reason to believe that the security or confidentiality of Online Account or Online Account Access has been compromised. Client acknowledges that Authorized Users select the security level for Online Account Access and Client is solely responsible for these selections. Client further acknowledges that it has reviewed all of the security levels and has determined the level or levels for its Authorized Users that is commercially reasonable for providing security against unauthorized access and meets Client's requirements given the size, type and frequency of the Services it will receive from Paychex. Client is solely responsible for implementation of an information security program appropriate to safeguard the Online Account or Online Account Access and which is consistent with all applicable Laws; safeguarding Online Account and Online Account Access for any third-party services integrated into the Services; maintenance and routine review of computing and electronic system usage records (i.e. log files); and the security of its own data, data storage, computing device(s), other electronic systems, and network connectivity. Client acknowledges and agrees that Paychex is not liable to Client, Client's Workers or any other third-party for any consequences, losses, or damages resulting from unauthorized access or use of the Online Account as set forth in this section.

10. **Client Confidential Information.**

10.1. "Client Confidential Information" means all information disclosed or otherwise made available by Client to Paychex that is marked confidential or is of the nature that a reasonable person would identify it as being confidential, including, without limitation the name, social security number, date of birth, address, financial and/or bank account information, and/or wage information of Client and Client's Workers provided to Paychex by Client. Paychex agrees that it shall implement and maintain a comprehensive information security program which contains administrative, technical, and physical safeguards that are deemed reasonable and necessary to protect Client Confidential Information from unauthorized access or acquisition. Paychex may disclose Client Confidential Information to its employees, affiliates, subsidiaries, agents, and contractors to (i) perform or offer Services; (ii) offer additional products or services to Client, and to Client Employees if Client selects the Financial Wellness Service; (iii) integrate third-party services into the Services; (iv) perform analysis to determine Client's qualification to receive services; and (v) collect Amounts Due and may disclose Client's payment experiences with Paychex to credit reporting agencies and supply vendor references on Client's behalf. Paychex may also disclose Client Confidential Information (i) to its attorneys, accountants, insurers, and auditors; and (ii) pursuant to federal, state, or local law, regulation, court order, legal process, or governmental investigation. In the event of any compromise or security breach resulting in the disclosure or possible disclosure of Client Confidential Information, Paychex will notify Client as legally required of such compromise or breach.

10.2. The obligations set forth in this section 10 will not apply to any Client Confidential Information that (i) Client has agreed is free of any nondisclosure obligations; (ii) at the time of disclosure was free of any nondisclosure obligations; (iii) is independently developed by Paychex or that Paychex lawfully received, free of any nondisclosure obligations, from a third party having the right to furnish such Client Confidential Information; (iv) is or becomes available to the public without any breach of this Agreement or unauthorized disclosure; or (v) is already in the possession of the requesting Party.

11. Third-Party Services. At Client's option, Client can integrate or use certain third-party services with the Services. These third-party services are not provided by Paychex. Client agrees to hold harmless and release Paychex from any liability relating to Client's use of third-party services or integration of the Services with third-party services. Client's ability to use third-party services may be limited according to the third-party's terms and conditions. When Client integrates with a third-party service, Client authorizes Paychex to share any Client data, including Client Confidential Information, as may be needed by the third-party to provide the third-party services. Paychex is not liable for any disclosure of Client Confidential Information by any such third-party. If Client does not opt to integrate third-party services into the Services, the provisions of this section shall not apply.

12. Governing Law and Arbitration. The Agreement and all aspects of the relationship between Paychex and Client shall be governed exclusively by the laws of the State of New York, to the extent not preempted by ERISA, without regard to, or application of, its conflict of laws, rules, and principles, except for the arbitration agreement contained herein which shall be governed exclusively by the Federal Arbitration Act, 9 U.S.C. section 1 et seq. (the "FAA"). **Except as provided herein, any dispute arising out of, or in connection with, the Agreement will be determined only by binding arbitration in Rochester, New York, in accordance with the commercial rules of the American Arbitration Association.** Arbitrable disputes include, without limitation, disputes about the formation, interpretation, applicability, or enforceability of this Agreement. A separate neutral arbitrator must be selected and appointed for each dispute. Any dispute arising out of, or in connection with, the Agreement will be brought within two (2) years of when the claim accrued. The arbitrator will not be authorized to award exemplary or punitive damages, or any damages excluded in the Limit of Liability provision. The Parties agree that the prevailing Party in arbitration, and any subsequent judicial proceeding to enforce an arbitration award, will be awarded costs and attorneys' fees (including in-house counsel fees) and that an arbitration award may be entered as a judgment in any court having jurisdiction over either Party to the Agreement. The Parties will not be permitted to bring, or participate in, and the arbitrator will not have any authority or jurisdiction to hear or decide, any claims brought as any type of purported class action, coordinated action, aggregated action, or similar action or proceeding. Each Party must only bring claims against each other in their individual capacity.

13. **General Provisions.**

13.1. Telephone Consumer Protection Act (TCPA) Consent. By signing this Agreement, Client consents to Paychex contacting it using an automatic dialing system or prerecorded messages at the telephone number(s) provided, including but not limited to contact regarding promotional offers or messages. Client agrees that it is the subscriber or customary user of the telephone number(s) provided, or that it obtained valid consent from the subscriber or customary user to receive such calls prior to the telephone number(s) being provided to Paychex. **Client understands that it is not required to provide consent as a condition of making any purchase, and that it may withdraw its consent at any time.**

13.2. Assignability. The Agreement may not be assigned by Client to any third parties, other than successors, without the prior written consent of Paychex. Any assignment made without such consent will be null and void.

13.3. Notices. Client shall provide all notices required under this Agreement to Paychex at an address supplied by Paychex. Except as otherwise provided Paychex may provide all notices required under this Agreement by email at the email address supplied by Client, by facsimile or by mail.

13.4. Entire Agreement. Client acknowledges that there have been no representations or warranties made by Paychex or Client that are not set forth in the Agreement. The Agreement, along with any exhibits, addendums, schedules, and amendments, contains the entire understanding of the Parties and supersedes all previous understandings and agreements between the Parties for the Services provided, whether oral or written, including, without limitation, any confidentiality or nondisclosure agreement(s) entered into by and between Client and Paychex prior to the date hereof.

13.5. Force Majeure. Neither Party shall be responsible for any delay or failure to perform obligations specified in the Agreement due to causes beyond the Parties reasonable control, including, but not limited to, acts of God, war, terrorism, or acts of any governmental body.

13.6 Amendment. Paychex may modify any term of the Agreement upon thirty (30) days written notice to Client of such change and the effective date thereof. Client will be deemed to have accepted and agreed to such changes unless Client elects to terminate the Agreement by written notice to Paychex prior to the effective date of the change and pursuant to the Termination provision(s). Client agrees that Paychex may provide notice of a modification of the Agreement by email to the email address provided by Client, mail at the mailing address provided by Client, or by notifying Client that the modification may be accessed on Client's Online Account as applicable. Paychex will provide a printed copy upon Client's request.

13.7 Severability. If any provision of the Agreement or any portion thereof is held to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remainder of the Agreement will not in any way be affected or impaired.

13.8 No Third-Party Beneficiaries. Each Party intends that this Agreement shall not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Client or Paychex.

13.9 Surviving Sections. The Sections titled Client Information and Contacts, Fees and Reimbursement Amounts, Software, Client Online Account, Client Default, Limit of Liability, Indemnification, Client Confidential Information, Third Party Services, Governing Law and Arbitration, Notices, Entire Agreement, Severability, and No Third-Party Beneficiaries, will survive the termination of the Agreement.

Part C – Paychex Benefit Account Services Product and Services Terms and Conditions

Section 1 - Service Offerings.

1.1 Service Offering Authorized by Client. Client employs and directs Paychex to provide the Services applicable for the Service Offering(s) selected by Client in Part A. Service Offerings available to Client may be either integrated with the Paychex payroll service ("Integrated Service") or not integrated with the Paychex payroll service ("Non-Integrated Service"). In the event Client selects a Service Offering that is not integrated with the Paychex payroll service, Client agrees that it will be considered a Non-Integrated Client and required to transmit Client Information as set forth in Section 3 below. In the event that a Non-Integrated Service selected by Client becomes integrated with the Paychex payroll system, Client authorizes Paychex to transfer Client from the Non-Integrated Service to the Integrated Service. **Client agrees and acknowledges that an Authorized Servicing Partner of Paychex may provide some or all of the Services and authorizes Paychex to employ the Authorized Servicing Partner to provide some or all of the Services.** Certain Service Offerings require the Client to adopt a Plan in order to receive the Service Offering. In the event Client adopts a Plan, Client authorizes and directs Paychex to assist in the administration of the Plan subject to the terms of the Agreement, including any attached Schedule. Client acknowledges that Paychex may use one or more third parties to perform some or all of the Services.

1.2 Transfer between Service Offerings. In the event that Client transfers between Service Offerings or between integrated or non-integrated services, or adds or subtracts a Service Offering, Client agrees that the terms and conditions of this Agreement related to the Service Offering to which it is transferring or adding shall apply. Client acknowledges that Paychex shall not be obligated to provide Services for the new Service Offering until it has received from Client all documents and information necessary to begin the Services and notifies Client of the Service Effective Date for the new Service Offering. Fees may be charged for any transfer between Service Offerings initiated by Client.

1.3 Companies entering into Agreement. If one or more additional Companies related to Client will be entering into an Agreement with Paychex, the list of Companies entering into the Agreement are listed in Part D. Each Company listed in Part D will be deemed to be entering into a separate Agreement with Paychex for the Services identified in Part A and, if Client selects a Service Offering requiring a Plan, shall also be deemed to be participating in the Plan. Client may add Companies to the Plan and the Agreement by providing written direction to Paychex. Direction by Client to add one or more additional Companies related to Client to participate in the Plan shall constitute conclusive proof of the added Company's adoption of the Plan and shall bind such additional Company to the terms of this Agreement.

Section 2 - Payment of Amounts Due. In addition to the terms and conditions for the payment of Amounts Due set forth in Part B, the following terms and conditions shall also apply.

2.1 Cancellation of Service Offering. If Client cancels a Service Offering after Paychex has completed its initial processing of the Service Offering, but prior to Client's first payroll that includes the Services provided pursuant to the Service Offering, any refund of the Setup Fee is at the discretion of Paychex. All setup Fees are non-refundable after Client's first payroll that includes Plan contributions. Paychex HR Solutions Clients do not pay administrative and per Participant monthly Fees or the setup Fee for the Services while Client is a Paychex HR Solutions Client. In the event that the Paychex HR Solutions Service Agreement is terminated, Client shall be obligated to pay the then current PBA Service Fees to retain the PBA Services. In the event Client has a bundled service with another Paychex service or product and terminates its agreement for the non-PBA Service, Client shall be obligated to pay the then current PBA Service Fees to retain the PBA Services.

2.2 Remit Claim Reimbursement Amounts. Client agrees to remit funds representing the amount due to reimburse Client's Participants for any of the Service Offerings selected by Client (collectively "Claim Reimbursement Amounts"). Paychex shall not be liable or use its own funds Claim Reimbursement Amounts or for the payment of benefits under the Plan, including, without limitation, where sought as damages in an action against Client, Paychex or the Plan. Paychex does not insure or underwrite Client's liability to provide benefits under the Plan, and Client shall have the sole responsibility and liability for payment of all benefits under the Plan. **Except for the duties of Paychex with respect to the Plan that are expressly provided in this Agreement or subsequently agreed to in writing by Paychex and Client, Paychex Services are provided on an "as is" basis, and Client's use of Paychex services related to the Plan is at its own risk. Paychex does not make, and hereby disclaims, any and all other express and/or implied warranties, including, but not limited to, warranties or merchantability, fitness for a particular purpose, and any warranties arising from a course of dealing, usage, or trade practice.**

2.3 Past Due Amounts. Notwithstanding anything in this Agreement or any other agreement between the Parties to the contrary, if Client fails to pay Paychex within the required time period any Amounts Due as a result of any product or service provided by Paychex to Client under this Agreement or any other agreement between the Parties, Paychex shall be permitted to apply any funds it has received from Client or any balances it is holding for Client except those amounts that could be considered Plan Assets to outstanding Amounts Due to Paychex or its affiliates without prior notice and without prior approval of Client prior to remitting or refunding amounts received or held. This right of offset shall be in addition to any other remedies that Paychex may have in this Agreement or any other agreement between the Parties with respect to such non-payment, including, without limitation, any right to terminate the Agreement, regardless of whether the past-due Amounts Due is paid in full as a result of the offset rights provided herein.

2.4 Participant Fees. Client authorizes Paychex to charge Participants the Participant fees as set forth in the employer website. Client authorizes Paychex to reduce a Participant's balance for any Participant fees and authorizes Paychex and/or its Authorized Servicing Partner to debit the amount of any Participant fees as a Claim Reimbursement Amount.

Section 3 - Transmittal of Information.

3.1 Client and Contribution Information. Client shall provide Paychex with all Client and Contribution Information required by Paychex to provide the Services. Client is responsible for reviewing and approving the documentation of such information, including transmissions of Contribution Information. Client assumes full responsibility for information it provides directly or indirectly to Paychex and, as applicable, for the security of electronically transferred data. **Client acknowledges that Client is responsible for any delayed remittance of reimbursements and additional processing Fees incurred as a result of its failure to provide Client or Contribution Information timely. Paychex will not be required to obtain authorization from Client to act on Client Information.**

3.2 Integrated Client. Paychex shall inform Client whether the payroll platform Client is using is integrated with the Services. Unless Paychex informs Client it is on a payroll platform that is integrated with the Services, Client acknowledges that it shall be considered a Non-Integrated Client as below. Upon integration, an Integrated Client directs Paychex to use the information provided by Client to Paychex to process its payroll, including Participant and/or employer Contribution Information, to provide Services pursuant to this Agreement.

3.3 Non-Integrated Client. A Non-Integrated Client shall be solely responsible for providing Contribution Information directly to Paychex or will designate a third party to provide Contribution Information directly to the Designated Payroll Provider. Contribution Information from Non-Integrated Clients is not forwarded from the Paychex payroll system. Paychex may rely on the instructions and directions of Non-Integrated Client or its Designated Payroll Provider without confirming the Contribution Information with the Non-Integrated Client.

- a. Standardized Format.** A Non-Integrated Client acknowledges and understands that the successful collection of Contribution Information is dependent on the Non-Integrated Client or its Designated Payroll Provider providing it in a standardized format that, at the sole discretion of Paychex, is acceptable and capable of receipt under the Paychex contribution import system ("Standardized Format"). Paychex will not initiate collection of contributions until the Non-Integrated Client or its Designated Payroll Provider provides Paychex with Contribution Information.
- b. Failure to Provide Contribution Information.** In the event that the Non-Integrated Client or its Designated Payroll Provider fails to provide Contribution Information (i) for each payroll processed, or (ii) in a timely manner, or (iii) in a Standardized Format that, at the sole discretion of Paychex, is acceptable and capable of receipt under the Paychex contribution import system, Services may be inaccurate, delayed, or not provided. Non-Integrated Clients acknowledge that compliance testing and reports provided by Paychex may be inaccurate in the event that a Non-Integrated Client or its Designated Payroll Provider fails to provide Contribution Information prior to the date Paychex prepares such compliance testing and/or reports. Paychex shall not be responsible for any errors in the compliance testing and/or reports caused by missing or erroneous information provided by a Non-Integrated Client or its Designated Payroll Provider and shall not be responsible for recalculating such compliance testing and/or amending reports. Paychex will recalculate the compliance testing and/or amend reports only upon receipt of the Contribution Information and any applicable additional fees.
- c. Transfer from Integrated Client to Non-Integrated Client.** In the event that an Integrated Client no longer receives integrated payroll services from Paychex, Client acknowledges that Paychex shall not commence the Non-Integrated Services until Client notifies Paychex of its Designated Payroll Provider, provides Contribution Information in a form acceptable to Paychex, and Paychex notifies the Non-Integrated Client of the Non-Integrated Client Service Effective Date.

Section 4 – Plan Documents and Forms.

- 4.1 Plan Document Provider.** In the event Client selects a Service Offering requiring a Plan, Paychex shall assist Client in the establishment and operation of the Plan for the Service Offering(s) Client has selected by providing basic Plan Documents. It is Client's responsibility to ensure that the Plan Documents and any other documents related to the administration of the Plan are (i) appropriately completed; (ii) in compliance with the requirements of Client's Plan; (iii) appropriately and timely adopted by Client and, with respect to any documents that must be distributed to Participants, including, but not limited to the Summary Plan Description, distributed to the Participants. In no event shall any of the foregoing Plan Documents and forms constitute legal advice, and are not a substitute for legal or other professional advice.
- 4.2 Plan Document Amendment.** Client understands that if it adopts any amendment to the Plan Document such amendment may affect the tax-qualified status of the Plan, and Client shall be responsible for taking such action, as it may deem necessary or appropriate, to maintain the Plan's tax-qualified status. Such actions may include, but are not limited to, submitting an application for determination of Plan qualification with respect to the amendments of the Plan to the Internal Revenue Service. Client shall promptly deliver to Paychex a copy of any amendment to the Plan Document adopted by Client. In the event that Paychex amends the basic Plan Documents to facilitate Services or to include any sample or model Internal Revenue Service amendments, Client directs Paychex to provide notice of any Plan amendments Paychex has made on the employer website. It is Client's responsibility to ensure that the amendments and other revisions are appropriately completed, are in compliance with the requirements of Client's Plan and are appropriately and timely adopted and retained by Client. In the event that Client does not object to any necessary Plan amendment provided by Paychex within sixty (60) days of being provided the Plan amendment on the employer website, Client will be deemed to have adopted the amendment and Client directs Paychex to administer the Plan in accordance with the amended Plan Documents. Client is solely responsible for maintaining the compliance of Plan Documents and other applicable documentation with respect to changes and amendments made by Client.
- 4.3 Forms.** Paychex shall provide administrative forms for Client's use in administering the Plan. All forms and user guide information shall be subject to periodic updates and revisions. Paychex shall also provide instructions and forms for the processing of Claims under the Plan. All Participants should apply for benefits under the Plan using forms provided by Paychex. Administrative forms are supplied in electronic format to both Client and account holders through the employer web. Paper-based forms can also be made available through the call center when requested by Participant.
- 4.4 Delivery of Plan Documents, Agreements and Administrative Documents & Guides.** Client directs Paychex to deliver all Plan Documents, Agreements, amendments to the Agreement and administrative documents and guides in electronic form through the employer web. Paychex will provide Client an email with electronic versions of all documents upon request from Client for an additional fee.

Section 5 - Paychex Not a Fiduciary to Plan. The Services under this Agreement are limited to those of a recordkeeper and provider of non-discretionary administrative Services at the direction of Client (and/or a Plan Administrator). In the event Client has adopted a Plan, Client agrees that Paychex is not the Plan Administrator, and is not a Plan fiduciary under the Plan(s), as such terms are defined under ERISA. Paychex does not act as a fiduciary and will not be named as a fiduciary under ERISA or the Code. Paychex shall have no power or authority to waive, alter, breach or modify any terms and conditions of the Plan. Paychex shall make payments or distributions in accordance with the framework of policies, interpretations, rules, practices and procedures set forth in the Plan Documents and as otherwise agreed upon or directed by Client. **Paychex does not have, nor shall be deemed to have, and will not exercise, any discretionary authority, control, or responsibility with respect to Plan assets or the administration of the Plan.** Client has not delegated, and will not delegate, any fiduciary responsibility or authority for the Plan to Paychex. Paychex assumes no responsibility for the Plan's compliance with the requirements for tax-qualified status of the Plan under the Code or for the Plan's compliance with the requirements of ERISA.

Section 6 – Client's Responsibilities.

- 6.1 Duties Relating to Plan Responsibilities.** In the event that Client has selected a Service Offering requiring a Plan, Client or any Plan Administrator appointed by Client acknowledges that it is responsible for the administration of the Plan and warrants and acknowledges as follows:
 - a. Plan Adoption and Amendment.** Client shall be solely obligated to approve and adopt the Plan and execute all documents necessary to establish the Plan. Depending on the Service Offering selected by Client, Client warrants that it has adopted one or more of the following: a Health FSA, a Dependent Care FSA, a Limited Health FSA (a Health FSA, Dependent Care FSA, and Limited Health FSA shall be referred to collectively as "FSA"), an HRA, a Limited HRA, and/or a POP. Collectively, the foregoing accounts, arrangements and plans shall be referred to as

the "Plan". Client has established the Plan for the exclusive benefit of its Employees and is the administrator of the Plan. Client has total control and discretionary authority over Client Plan and the manner in which it is operated. Any amounts deposited by the Client with Paychex under any Plan remain the assets of Client. Paychex and its representatives are only an agent of Client for processing of Claims requests, as provided under this Agreement. In the event that Client elects the HSA Service Offering, Client acknowledges that the assets in an HSA established by a Client's Employee are the assets of the Employee and not the Client, and are retained by the Employee who established the HSA account even after termination from employment.

- b. Plan Amendment.** If Client amends the Plan, Client shall provide Paychex with a copy of any contemplated amendment to the Plan no less than thirty (30) days prior to the anticipated amendment effective date. However, under no circumstances should Client adopt any amendment that would alter Paychex's duties hereunder without prior written consent of Paychex.
 - c. Plan Administration.** Client is the Plan Administrator and shall remain solely responsible as the Plan Administrator. Paychex's sole obligation shall be to assist the Client as a directed recordkeeper in the administration of the Plan as provided in this Agreement and Client authorizes and directs Paychex to assist in the administration of the Plan subject to the terms of the Agreement. Client has established the Plan for the exclusive benefit of its Employees and is the administrator of the Plan. The specific Plans that Paychex shall assist with and are covered by this Agreement are the Plans adopted by Client that are required to receive the Service Offering(s) selected by Client. If a Plan is a Non-Covered Plan Paychex shall have no responsibilities or duties with respect to such Non-Covered Plan. The duties of Paychex with respect to the Plan shall be limited to those expressly provided in this Agreement or subsequently agreed to in writing by Paychex and the Client.
 - d. Plan Compliance.** Client remains solely responsible for all Plan activities, including compliance with ERISA, HIPAA, the Code, or other applicable Laws. Client agrees to hold Paychex harmless (including reasonable attorney's fees and costs) and expressly releases all claims against Paychex in connection with any claim or cause of action, for any occurrences prior to the effective date of this Agreement, that results from the failure or alleged failure of Client (its officers and Employees, and any other entity related to or performing services on behalf of Client) to comply with ERISA, HIPAA, the Code or any other applicable Laws or the provisions of this Agreement, or its failure to provide Paychex with the required information for proper and timely reporting under the Medicare Secondary Payor requirements for Client's HRA Participants.
 - e. Plan Records.** Client is solely required to retain Plan records, including without limitation records pertaining to the Service Offering selected by Client and create and maintain any Plan records not provided by Paychex or any third party providing services to Client. Client shall be solely responsible for maintaining for all prescribed periods and all required Plan records.
 - f. Participants.** Client shall provide Paychex with a complete list of all Employees eligible to participate in the Plan, and any other demographic and related information that Paychex may need to properly administer the Plan pursuant to this Agreement. Client shall notify Paychex within five (5) business days of all changes in Client's Employees eligible to participate in the Plan. Client shall be responsible to collect and provide to Paychex in an electronic format all required information to ensure compliance with the rules and regulations. Client shall be solely responsible for determining its Employees who are eligible to participate in the respective Plans, collecting the requested information from Employees and informing Paychex of such affected or eligible Employees. Client will identify Employees who are classified as Owners, Highly Compensated Employees (HCEs), and Key Employees at the time of setup, and promptly provide Paychex with any changes pertaining to the identity of Owners, HCEs, and Key Employees.
 - g. Enrollment.** Client shall assist in the enrollment of the Employees in the Plan, cooperate with Paychex with regard to proper settlement of Claims and transmit any inquiries pertaining to the Plan to Paychex. Late notification of Plan eligibility or incorrect Plan eligibility information provided by Client to Paychex may result in erroneous Plan benefit payments. In this event, Client shall be solely responsible for any such erroneous payment and Client shall also be solely responsible for collecting any such erroneous payments from the Employee.
 - h. Filing Obligations.** Client shall file with the appropriate governmental agencies all required returns, reports, documents and other papers relating to the Plan.
 - i. Participant Communications.** Unless otherwise agreed to between the Parties, Client shall be solely obligated to distribute all required Participant Communications to Participants and eligible Participants. Paychex shall assist, if requested, Client in the preparation of materials for distribution.
 - j. Non-discriminatory Plans and Compliance Testing.** In the event Client has adopted a Plan, Client shall maintain a non-discriminatory Plan and is solely responsible for taking any corrective action required in the event that the Plan becomes discriminatory. Client is solely responsible to provide Paychex with the information it needs to run the compliance tests described in the relevant Section for the Service Offering(s) Client has selected and Paychex shall perform the compliance tests described in the relevant Section for the Service Offering(s) Client has selected based on information provided by Client. All other compliance tests are the responsibility of the Client to complete.
 - k. Reporting Obligations.** Client shall be solely responsible for the preparation and filing of required governmental reports, information or other tax returns or documents, and the preparation and distribution of required reports to Participants and beneficiaries. Paychex shall not be responsible for determining the level of compliance required by Client's Plan. It is the sole responsibility of the Client to assure compliance with all legal reporting and disclosure requirements.
- 6.2 Claim Reimbursement.** Client shall make funds available to pay Claims as agreed to in this Agreement and, in the event Client has adopted a Plan, in accordance with the Plan.
- 6.3 Claims Based Funding.** In the event Client has selected a Service Offering which provides for the reimbursement of qualifying Claims, Client gives Paychex and/or its Authorized Servicing Partner approval to draft applicable amounts from Client's United States bank account from which disbursements can be made on Client's behalf for qualifying Claims, which are otherwise specified by Client in its Plan document, or as provided for under the Code.
- 6.4 General Assets of Client.** All amounts withheld by Client remain Client's general assets.
- 6.5 Employee Fraud.** Client is solely responsible for making Client's Plan whole if fraud is committed against the Plan by Plan Participants or Client's Employees. Paychex shall not be responsible for making the Plan whole or for pursuing or correcting any such actions.
- 6.6 Review Reports.** Client will review all reports and documents provided or made available by Paychex and inform Paychex of any inaccuracies within three (3) business days of receipt or availability.

Section 7 – Client Confidential Information.

- 7.1 Business Associate.** In the event that Paychex is a Business Associate of Client's group health plan as that term is defined by HIPAA, the Parties further agree that the Business Associate Agreement attached as Schedule A to this Agreement shall also apply to that Client Confidential Information which is identified in the Business Associate Agreement. Paychex, in its role as Business Associate, will enter into Business Associate Agreements with those vendors it is required to do so with pursuant to HIPAA.
- 7.2 HSA Service Offering.** In the event that Client selects an HSA Service Offering, Client acknowledges and agrees that Paychex is not a "covered entity" or "plan sponsor" under the HIPAA privacy rules and that the Business Associate Agreement set forth in this Agreement shall not apply.

Client authorizes Paychex to provide to Client's designated financial advisor or investment advisor plan level information regarding the investments available through the HSA Service Offering.

Section 8 – FSA Services.

8.1 FSA Conversion Services.

- a. **Plan Documents.** Client acknowledges and agrees that, in the event it had previously adopted a Plan, in order to receive FSA Services it will have to adopt Plan Documents provided by Paychex. Paychex will provide Client the basic Plan Documents as set forth in Section 4 of Part C of the Agreement.
- b. **Service Effective Date.** The Service Effective Date may be no earlier than the date Client's Current Plan Documents are restated to the Plan Documents provided by Paychex. Client acknowledges that Paychex has no third-party administrative responsibilities, express or implied, for the Client's Plan until the Service Effective Date.
- c. **Features in Plan Documents.** Paychex does not warranty or guarantee that any of the features in the Current Plan's Documents are included in the Plan Documents provided by Paychex. Client shall be solely responsible for verifying that its Current Plan's Documents, benefits, rights, and features are included in the Plan Documents provided by Paychex. If Client determines that certain benefits, rights, or features in its Current Plan Documents are not available in the Plan Documents provided by Paychex, Client is solely responsible for (i) explaining such differences to its Participants; and (ii) correcting any Plan Document or operational failures that arose prior to or directly as the result of the Current Plan's Documents restatement.
- d. **Required Client Information.** Client will be responsible for ensuring the prior recordkeeper provides Paychex with all of the required account balance history, Plan design and related information. Client shall provide all required information for completing the conversion process to set up the Plan in a form and manner acceptable to Paychex. Client authorizes Paychex to use the required information to set up the Plan and is directed to rely on the information to review and reimburse Claims submitted during the remainder of the Plan Year (and any grace period if Client's Plan has a grace period) in which Client becomes a Conversion Client.

8.2 Compliance Testing.

- a. **Health FSA and POP.** For Integrated Clients, Paychex will perform the calculations for the Key Employee Concentration Test (25% Key Employee Test) based on information provided by Client. For Non-Integrated Clients, Paychex will perform the calculations for the Eligibility Test, Contributions, Benefits Test and the Key Employee Concentration Test (25% Key Employee Test) based on information provided by Client as set forth above.
- b. **Dependent Care FSA.** For both Integrated and Non-Integrated Clients, Paychex will perform the calculation for the Key Employee Concentration Test (25% Key Employee Test), the 55% Average Benefits Test and 25% Owner's Test based on information provided by Client.

8.3 Corrective Action. Client acknowledges that if a Client's Plan(s) fails any testing, Client is responsible for correcting the failure and bringing the Plan(s) into compliance with the applicable requirements as defined in section 125 of the Code.

8.4 Claims Processing. Client directs Paychex to provide Claims Processing Services in accordance with Section 11 of Part C of the Agreement.

8.5 Debit Card Services. Client directs Paychex to provide Debit Card Services in accordance with Section 12 of Part C of the Agreement.

8.6 Forfeited Funds. Unless otherwise dictated under the terms of Client's Plan Documents, all amounts that remain unpaid in a flexible spending account after the end of the period specified by the applicable Plan during which the Participant can make a Claim, plus any periods for Appeal or any Claim dispute, shall be immediately forfeited by Participant to the Client and Client directs Paychex to return to Client all forfeited funds less any Amounts Due. Any unclaimed amounts, including any previous reimbursement checks or other similar methods of payment that have been issued but remain unendorsed, that remain unpaid after the end of the run-out period selected by Client shall be returned to Client less any Amounts Due.

Section 9 - HRA Services.

9.1 HRA Conversion Services.

- a. **Plan Documents.** Client acknowledges and agrees that, in the event it had previously adopted a Plan, in order to receive HRA Services it will have to adopt Plan Documents provided by Paychex. Paychex will provide Client the basic Plan Documents as set forth in Section 4 of Part C of the Agreement.
- b. **Service Effective Date.** The Service Effective Date may be no earlier than the date Client's Current Plan Documents are restated to the Plan Documents provided by Paychex. Client acknowledges that Paychex has no third-party administrative responsibilities, express or implied, for the Client's Plan until the Service Effective Date.
- c. **Features in Plan Documents.** Paychex does not warranty or guarantee that any of the features in the Current Plan's Documents are included in the Plan Documents provided by Paychex. Client shall be solely responsible for verifying that its Current Plan's Documents, benefits, rights, and features are included in the Plan Documents provided by Paychex. If Client determines that certain benefits, rights, or features in its Current Plan Documents are not available in the Plan Documents provided by Paychex, Client is solely responsible for (i) explaining such differences to its Participants; and (ii) correcting any Plan Document or operational failures that arose prior to or directly as the result of the Current Plan's Documents restatement.
- d. **Required Client Information.** Client will be responsible for ensuring the prior recordkeeper provides Paychex with all of the required account balance history, Plan design and related information. Client shall provide all required information for completing the conversion process to set up the Plan in a form and manner acceptable to Paychex. Client authorizes Paychex to use the required information to set up the Plan and is directed to rely on the information to review and reimburse Claims submitted during the remainder of the Plan Year (and any grace period if Client's Plan has a grace period) in which Client becomes a Conversion Client.

9.2 Compliance Testing, HRA and POP. Paychex will not perform any compliance testing for HRA Services. For any POP adopted for purposes of receiving the HRA services, Paychex will perform the calculations for the Eligibility Test, Contributions, Benefits Test and Key Employee Concentration Test (25% Key Employee Test) based on information provided by Client. Client acknowledges that if a Client's Plan(s) fails any testing, Client is responsible for correcting the failure and bringing the Plan(s) into compliance with the applicable requirements as defined in section 125 of the Code.

9.3 Claims Processing. Client directs Paychex to provide Claims Processing Services in accordance with Section 11 of Part C of the Agreement.

9.4 Debit Card Services. Client directs Paychex to provide Debit Card Services in accordance with Section 12 of Part C of the Agreement.

9.5 Disposition of Account at Plan Year End. The disposition of any amounts remaining in the employer account at the end of a Plan Year shall be determined pursuant to the terms set forth and elected in the Adoption Agreement.

Section 10 - Health Savings Account Services.

10.1 Health Savings Account Services. If Client has selected the HSA Service Offering, Client directs Paychex to perform the HSA Services as set forth below. Paychex will provide access to Client's Employees to establish an HSA at Healthcare Bank (the "Bank") through the Authorized Servicing Partner subject to the terms and conditions of the Bank. If Client is an Integrated Client, Paychex will calculate and remit contributions for Participants to the Bank. If Client is a Non-Integrated Client the Client is solely responsible for calculating and remitting contributions for any Participants to the Bank.

10.2 HSA Conversion Services.

- a. **Individual Account Transfer.** Paychex will supply the employer with direct rollover/transfer forms, which the Employees may complete and submit to their current custodian/administrator to send their health savings account money to the Bank.
- b. **Group Transfer.** Client may authorize Paychex to transfer a group of Participants in a single transfer. If so authorized, Client must provide Paychex a data file in an acceptable format to Paychex, containing the required information for all Participants along with balances and any other required information may be submitted for Paychex to load the information in anticipation of the transfer of funds from the prior custodian. Client is solely responsible for obtaining consent of the Participants being transferred. Once the balances are transferred, funds are deposited and accounts are updated as soon as administratively feasible, which generally will occur within three (3) to four (4) business days. Additional Fees may apply. A minimum number of Participants may also apply. Client understands that fees may be charged by Client's previous service provider and Client is solely responsible for all such fees. Client authorizes Paychex to charge termination Fees in the event Participants close accounts as part of the then current Participant fees as set forth on the employer website.

10.3 HSA Investments. Paychex shall not provide any investment advice or recommendations regarding the advisability of either selecting or investing in any of the investment funds available to the Participant. Available investments shall be selected by independent investment advisors who shall select investment options pursuant to an Investment Policy Statement. The independent investment advisors may provide investment advice or recommendations if the Participant and the investment advisor enter into a separate agreement.

10.4 Compliance Testing.

- a. **Integrated Client.** To the extent required by applicable law, pretax salary reductions for Client's HSA will be incorporated into the compliance testing results. Client acknowledges that if a Client's Plan(s) fails any testing, Client is responsible for correcting the failure and bringing the Plan(s) into compliance with the applicable requirements as defined in section 125 of the Code.
- b. **Non-Integrated Client.** Pretax salary reductions for Client's HSA will not be incorporated into the compliance testing results. Client will be solely responsible for all applicable non-discrimination tests and any aggregate testing, including aggregate testing of HSA salary reductions. Client acknowledges that if a Client's Plan(s) fails any testing, Client is responsible for correcting the failure and bringing the Plan(s) into compliance with the applicable requirements as defined in section 125 of the Code.

10.5 Claims Processing. Client directs Paychex to provide Claims Processing Services in accordance with Section 11 of Part C of the Agreement.

10.6 Debit Card Provisions. Client directs Paychex to provide Debit Card Services in accordance with Section 12 of Part C of the Agreement.

10.7 Customer Identification Program. Client will follow the Customer Identification Program procedures as reasonably established by the Bank pursuant to applicable laws, which may be changed from time to time, as required by applicable law, or as reasonably necessary to implement such requirements of law, including, without limitation, the USA Patriot Act, the Bank Secrecy Act, the Money Laundering Control Act, and all other applicable anti-money laundering laws, now or hereafter existing, and all regulations promulgated pursuant thereto, as well as all rules, rulings, interpretations, advisories, orders, decrees, guidelines, interpretations, and applications thereof; and provide any and all necessary information affecting money transfer transactions to Paychex and the Bank with respect to HSAs.

10.8 Client not the Account Holder. In the event that Client elects the HSA Service Offering, Client acknowledges that the assets in an HSA established by a Client's Employee are the assets of the Employee and not the Client, and are retained by the Employee who established the HSA account even after termination from employment or termination of the HSA Service Offering. In the event the HSA Service Offering is terminated or the Employee's employment is terminated, Client acknowledges that Paychex may continue to provide services to the Employee or former Employee. Client shall not be the account holder or have any ownership interest in the participating Employees' HSAs. Paychex and the Bank shall: (i) have absolute discretion with respect to whether and under what circumstances to establish, administer, suspend, and/or terminate any individual account beneficiary's HSA or any transaction in connection therewith; (ii) have no responsibility with respect to contributions paid by Client, any account beneficiary, or other contributor or transferor to the HSAs, other than to receive the contributions paid or transferred to the Bank for HSA Services and allocate them according to instructions received from Client, the account beneficiary, or other contributor or transferor; (iii) systemically reconcile the contributions received from Client with Paychex' or the Bank's records of HSAs and identify and reconcile any discrepancies in a timely manner; (iv) have no obligation to take affirmative actions to collect monies paid as contributions from Client, the account beneficiaries, or other contributor or transferor if clear instructions are not received; and (v) if contribution instructions provided to Paychex and/or the Bank are not clear, Paychex and the Bank shall take reasonable steps to obtain additional information to clarify the ambiguity(ies). If Paychex and/or the Bank does not receive clarifying information promptly, Paychex, through the Bank, may take reasonable, corrective action, as it deems appropriate, with such contributions.

10.9 HSA Modifications. Client acknowledges that the Bank may, in its sole discretion and consistent with its business practices, modify any interest-bearing HSA demand deposit account, and that the terms of the HSA demand deposit accounts may vary amongst the Bank's customers.

10.10 Client Information. Client represents that all Employees for whom data is provided by Client have been positively identified through either, (i) the Employees' completion of U.S. Citizenship and Immigration Services I-9 for Employees hired by Client after November 6, 1986, or (ii) for those Employees hired by Client prior to November 6, 1986, otherwise reviewing each such Employee's driver's license or other government-issued identifying documentation evidencing nationality or residence and bearing a photograph or similar safeguard. The Client also represents that the Employees have certified their authorization to work in the United States and have furnished their taxpayer identification numbers, which Client will provide to Paychex for the purposes of the account opening and setup on HSA.

10.11 HSA Compliance. Client represents and warrants that its program for funding HSAs through payroll deduction and Client contributions (if applicable) complies in all respects with the conditions in the safe harbor exception to the ERISA for group or group-type insurance programs at 29 C.F.R. Sec. 2510.3-1(j), as clarified by U.S. Department of Labor Field Assistance Bulletin 2004-1. Accordingly, Client does not (i) limit the ability of eligible individuals to move their funds to another HSA beyond restrictions imposed by the Code; (ii) impose conditions on uses of HSA funds beyond those permitted under the Code; (iii) make or influence the investment decisions with respect to funds contributed to an HSA; (iv) represent that HSAs are an Employee welfare benefit plan established or maintained by Client; or (v) receive any payment or compensation from Paychex in connection with an HSA. Client acknowledges that in the event Client establishes an ERISA covered Employee welfare benefit plan in connection with the HSA Service Offering that the HSA Service Offering will be terminated.

10.12 Prohibitions. Client shall (i) take no actions that will serve to render HSAs to be or become Employee benefit plans or the assets held therein to be or become subject to ERISA; (ii) not limit the ability of account beneficiaries to move funds in their HSAs to another HSA (except to the extent of restrictions imposed by the Code); (iii) not impose any conditions on the utilization of HSA funds beyond those permitted by the Code; (iv) not represent or advise that the HSAs are an Employee welfare benefit plan established or maintained by Client; and (v) not receive any payment or compensation from Paychex or the Bank in connection with an HSA account.

Section 11 - Claims Processing.

11.1 Claims Processing for FSA and HRA. Client directs Paychex to review a Participant Claim for reimbursement of a qualifying expense, as that term is defined by the Plan Document, in accordance with the requirements of the Plan. Client directs Paychex to reimburse Participants in accordance with this Agreement who have (i) requested reimbursement; and (ii) substantiated their Claim in accordance with the Plan. Client directs Paychex to deny a Participant's Claim in the event the claim is either not substantiated or is not a qualified expense and to notify the Participant in accordance with the Plan. Paychex shall have no discretion to determine whether a Claim should be granted or denied. Paychex will process Claims on banking days, during regular business hours. Paychex shall arrange for the payment of Claim Reimbursement Amounts as provided in the Plan.

- a. If Paychex determines that a Participant's Claim is entitled to the benefits under the Plan, Client authorizes and directs Paychex to initiate payment of all authorized Claim Reimbursement Amounts to Participants using funds provided by the Client. Depending on the services selected by Client, Claim Reimbursement Amounts may be paid by check, direct deposit, directly to Participant's service provider, or via the Debit Card**
- b.** If Paychex finds that a Participant is not entitled to benefits under the Plan, Paychex shall provide to such Participant a written notification of the decision as soon as administratively practicable after the Claim was received by Paychex but no later than the time period required by Section 503 of ERISA, if applicable. Written notice is sent via email, when an email address is available. If no email address is available, the written communication will be sent via standard USPS mail. The written notice shall comply with the requirements set out in the Summary Plan Description and Section 503 of ERISA, if applicable.
- c.** In the event that a Participant requests an Appeal, Paychex will (i) provide Client with a copy of the Appeal along with a copy of the Claim, any substantiating information provided by the Participant, and the notice of denial; and (ii) assist the Client as requested, but Client retains the sole obligation to determine its response to the Appeal. Client agrees that it has sole responsibility to review and provide the Participant with a decision on any Appeal within the time periods and containing the information required by the Plan. In the event an Appeal must be independently reviewed in accordance with the Plan or applicable law, Paychex will provide Client with a list of independent reviewers.
- d.** In the event that Client provides an HSA, the FSA or HRA shall be considered a Limited Health FSA, or Limited Health HRA. Participants are restricted to submitting Claims to either the Limited Health FSA, or Limited Health HRA, as authorized under the Code. In the event Client has an HSA that is external to Paychex, Paychex shall not review claims submitted by Participants to the Limited Health FSA or Limited Health HRA to determine whether the submitted Claim is an authorized reimbursement under a Limited Health FSA or Limited Health HRA, or whether the Claim should have been submitted through the HSA. The Participant is solely responsible for maintaining their eligibility under the HSA.

11.2 Claims Processing for HSA. Client directs Paychex to process a Participant Claim for reimbursement of a qualifying HSA expense and reimburse Participants, in accordance with this Agreement, who have (i) requested reimbursement; and have (ii) correctly submitted their HSA Claim. Paychex shall have no discretion to determine whether a Claim should be granted or denied. Paychex will process HSA Claims on banking days, during regular business hours. Paychex shall arrange for the payment of Claim Reimbursement Amounts as provided in the Plan.

11.3 Claim Reimbursement. Paychex will provide the capabilities for Claim Reimbursement for FSA, HRA and HSA set forth below. Client shall provide Paychex written direction as to which capabilities it will authorize Paychex to use. Paychex and/or its Authorized Servicing Partner will process EFTs, or such other payment methods as Paychex may require, for such amounts as are necessary to reimburse Participants Claim Reimbursement Amounts. Any credit or interest earned on said funds will be applied to administrative costs of Paychex.

- a. Direct Deposit for Claim Reimbursement Amounts.** Paychex will provide direct deposit capability for Claim Reimbursement Amounts for Client's Employees.
- b. Check Draft.** Paychex will provide a check and mail it to the Participant at the address provided by Participant for Claim Reimbursement Amounts for Client's Employees. An additional fee per check draft may be charged to the Participant for this option.
- c. Debit Card Payments.** Unless Client opts out of Debit Card Payments, all Participants, with the exception of post-deductible HRA Plan Service Offerings, shall automatically receive two Debit Cards. The terms of the Debit Card provisions shall control and are incorporated in Section 12 of Part C of the Agreement. Additional Debit Cards will be provided to secondary cardholders and/or dependents as requested for an additional Fee to the account holder.

11.4 Termination of Agreement and Claim Reimbursement.

- a. FSA Claims.** In the event that the Agreement is terminated, Paychex may, at its sole option, provide eligible Clients the option of continuing the Claims reimbursement service for the close out period specified by the Client (30, 60, or 90 days) for an additional Fee. In the event an eligible Client elects to purchase the post termination FSA Claims Service for less than ninety (90) days, Client agrees that it is solely responsible for performing any FSA claims reimbursements required by the Client's FSA Plan or by law following the completion of the any post termination FSA Claims Services.
- b. HRA Claims.** In the event Client has previously selected to design their HRA Plan to include a close-out period, Paychex may, at its sole option, provide Client the option of continuing the reimbursement service for HRA Claims for the close-out period specified by Client for an additional Fee.
- c. HSA Claims.** In the event that the Agreement is terminated, Paychex will provide HSA Claims reimbursement services directly to the Participant to the extent that the Participant continues with Paychex's HSA services.

11.5 Stale Checks. In the event that a Participant fails to present a Claim Reimbursement Amount check for payment within one hundred eighty (180) days of the date on which the Claims Reimbursement check was drawn ("Stale Check") Client directs Paychex to follow the Stale Check procedure outlined below and charge any then current Participant Fees as set forth on the employer website.

- a.** Contact the Participant using the contact information provided by Participant regarding the Stale Check to determine if a replacement needs to be sent, in the event that the Participant cannot be located, or does not respond.
- b. FSA and HRA Service Offering.** In the event Participant does not claim the amount of the Stale Check, the amount will be included in any amounts returned to Client following the end of the Plan Year and any applicable Claim periods.

- c. **HSA Service Offering.** Stale Check funds are remitted to the Participant's HSA until such time as Participant makes an additional Claim for the funds. Paychex will return the amount of the Stale Check back into the Participant's account or may escheat the amount (transfer) to the state of the Participant's last know residency.

Section 12 - Debit Card Provisions.

Unless Client opts out of Debit Card Payments all Participants in the Health FSA, Dependent Care FSA, comprehensive HRA or HSA shall automatically receive two Debit Cards. Additional Debit Cards will be provided to secondary cardholders and/or dependents as requested for an additional Fee to the account holder. The following additional provisions shall apply with respect to the Debit Card Services.

12.1 General Provisions:

- a. All Participants participating in one or more of the Plans shall automatically receive two Debit Cards without a separate Fee. Paychex shall charge a separate Fee for additional Debit Cards requested for a spouse or other dependent over 18 years of age to be withdrawn directly from each Participant's Account.
- b. Paychex shall be responsible to provide administrative Services to Participants, including updating Participant records, maintaining accurate account balances and deposit information, activating and deactivating Debit Cards, responding to Participant inquiries and providing appropriate notices of actions taken.
- c. Paychex agrees to take whatever action is necessary to investigate and attempt to resolve errors in Debit Card transactions asserted by Participants within five (5) business days.
- d. Paychex will make available to the Client, for distribution to the Participants, information as to the proper use of the Debit Card.
- e. Client agrees to re-credit Participant Accounts by facilitating an after-tax payroll deduction in accordance with applicable law in those instances where the Debit Card was used to pay for an ineligible expense and the Participant failed to reimburse the Plan or offset the amount with an eligible expense.
- f. Client agrees to notify Paychex immediately upon suspicion or confirmation of inappropriate or fraudulent Debit Card use.
- g. The liability for payment of Claims falls on the Employer or the Plan Participant. Any additional costs, including administrative costs, shall be paid by the Client or Plan Participant. In no event shall Paychex be responsible for these payments.
- h. Client agrees to administer the Plan in accordance with the rules and regulations of the Plan Documents and the Agreement.
- i. Client agrees to provide all information to be included in any reports or other required documents in a timely fashion, as established by the rules of all governmental entities involved with the Plan, including but not limited to the Department of Labor and the Internal Revenue Service.

12.2 Debit Card Deactivation:

- a. **Participant Termination.** Paychex agrees, upon notice from Client of termination or ineligibility of a Participant to, as soon as is practical, deactivate such Participant's Debit Card for the FSA/HRA Service Offering. For the HSA Service Offering the Participant's Debit Card will not be deactivated and the Participant may retain their Debit Card regardless of employment status. Should Client fail to provide this notice in a timely manner causing payment of ineligible expenses, Client will be responsible for all costs incurred for subsequent Debit Card transactions made by the terminated or ineligible Participant.
- b. **Lost/Stolen Debit Card.** Paychex agrees to cancel, as soon as is practical, access to a Participant's Account when a Debit Card is reported as lost or stolen.
- c. **Failure to Pay Fees or Claim Reimbursement Amounts.** Paychex, its Authorized Servicing Partner and/or the Bank reserve the right to deactivate any Debit Cards for failure to pay some or all of the Fees or provide Claim Reimbursement Amounts as set forth in this Agreement and its applicable Sections. Should Debit Cards be deactivated pursuant to this section Paychex and/or its Authorized Servicing Partner will notify Participants directly of this action. Upon such deactivation, the then current reactivation fee will be charged, payable prior to reactivation.
- d. **Debit Cards Issued after Termination Notice.** Any new or renewal Debit Cards issued after Client notifies Paychex of its termination of this Agreement will bear the then current Debit Card issued after termination notice fee.

Section 13 – Definitions.

Account – Account shall refer to the Health FSA and/or HRA, as the context requires and as selected by the Client as part of this Agreement.

Agreement – Agreement entered into between Paychex Inc., and its affiliates and Client.

Amounts Due - Collectively, Fees and Claim Reimbursement Amounts under the Agreement.

Appeal - Participant request of a review of a denial of Claim.

Authorized Servicing Partner - WEX Health Inc.

Authorized User(s) – Client and/or Client's Employees designated by Client as authorized to have access to the Online Account.

Bank – Healthcare Bank.

Card Transaction - When a Debit Card is presented for payment of Qualified Services.

Claim - A Participant claim for reimbursement of a qualifying expense, as that term is defined by the Plan Document.

Claim Reimbursement Amounts - Authorized payment amounts for a Participant claim for reimbursement.

Client - Company identified in this Agreement or added in writing following the Effective Date of the Agreement.

Client Contact - Contact(s) designated by Client to Paychex.

Client's Credit - Collectively, the credit of Client and/or its principals, including vendor references, bank account status, and history.

Client Default - Material Breach of the Agreement by Client.

Client Confidential Information - All information disclosed or otherwise made available by Client to Paychex that is marked confidential or is of the nature that a reasonable person would identify it as being confidential, and the name, social security number, date of birth, address, bank, and/or wage information of Client and Client's Employees provided to Paychex by Client.

Client Information - Collectively, information and directives provided to Paychex by Client to perform the Services, including, but not limited to Contribution Information.

Code - Internal Revenue Code of 1986, as amended.

Company – Each Company identified in the Agreement or added in writing by Client after the Effective Date.

Contribution Information - Participant and/or employer contribution information transmitted by Client to Paychex either through a Paychex, Inc. payroll platform, if Client is receiving payroll services from Paychex and the payroll platform is integrated with the Services or, if Client is not processing payroll through Paychex, Inc., or the payroll platform is not integrated with the Services, by Client or a Designated Payroll Provider. Contribution Information from Non-Integrated Clients shall not be derived from the Paychex payroll system.

Conversion Client - A Client who is converting from services it is currently receiving from a different third-party vendor to a Service Offering offered by Paychex.

Current Plan Documents - The Plan Documents a Conversion Client is using for its current plan.

Conversion Service - Services as set forth in the relevant Section of Part C of the Agreement for the Service Offering(s) Client has selected.

Customer Identification Program - Required for financial institutions (i.e. banks) to enable them to form a reasonable belief that they know the true identity of each customer. CIPs are required by §326 of the PATRIOT Act and the Money Laundering Control Act. §326 of the PATRIOT Act adds new requirements to the Bank Secrecy Act (BSA), 31 U.S.C. 5311 et seq.

Debit Card - Debit Card used to provide Claim Reimbursement Amounts.

Debit Card Services - Services provided as set forth in Section 12 of Part C of the Agreement.

Dependent Care FSA - Dependent Care flexible spending account as defined in Code section 129. See FSA.

Designated Payroll Provider - Third party designated by Client to provide Paychex Contribution Information. Paychex may rely on the instructions and directions of Non-Integrated Client or its Designated Payroll Provider without confirming the Contribution Information with the Non-Integrated Client.

Electronic Funds Transfer (EFT) - Electronic debit or credit of amounts from Client's designated bank account.

Employee - Those Employees eligible to participate in the Plan.

Entry - Electronic Funds Transfer credit or debit entries.

ERISA - Employee Retirement Income Security Act of 1974, as amended.

FAA - The Federal Arbitration Act, 9 U.S.C. section 1 et seq.

Fees - All fees, including, but not limited to, fees for all Paychex Services and the setup fees.

FLSA - Fair Labor Standards Act.

FSA - Flexible Spending Account. Collectively, a Health FSA, Limited Health FSA and a Dependent Care FSA are referred to as an FSA, as outlined under Code section 125.

Funding Deadline - The day Paychex' EFT is to be presented, requiring Amounts Due to be on deposit in Client's bank account in collectible form and in sufficient amount.

HCE - Highly Compensated Employee as defined under applicable sections of the Code.

Health FSA - Health flexible spending account as outlined under Code section 106. See FSA.

HIPAA - The Health Insurance Portability and Accountability Act of 1996.

HRA - Health reimbursement arrangement as defined under Code section 105.

HSA - Health Savings Account as defined under Code section 223.

Integrated Client - A Client that processes payroll on a Paychex, Inc. payroll platform that is integrated with the Services.

Integrated Service - Service provided to an integrated Client.

Key Employee - An individual who meets the definition of a Key Employee under Code section 416(i).

Laws - Any and all applicable federal, state, local, international laws and regulations or ordinances.

Limited Health FSA - Limited purpose health flexible spending account. See FSA.

Limited Health HRA - Limited purpose health reimbursement arrangement.

Medicare Secondary Payer - A term indicating that Medicare will not be the primary payer of a claim if payment has been made, or can reasonably be expected to be made, by a group health plan or other primary plan if certain conditions are met.

NACHA - National Automated Clearing House Association.

Non-Covered Plan - A Plan established and operated by Client related to services other than those Services included in the Service Offering selected by Client. Paychex will not provide any services, including, but not limited to the provision of Plan Documents, to Non-Covered Plans.

Non-Integrated Client - A Client that processes payroll on a Paychex, Inc. payroll platform that is not integrated with the Services.

Non-Integrated Service - Service provided to a non-integrated Client.

Online Account - Services accessed online or through any mobile or other electronic devices.

Online Account Access - Passwords, usernames, logins or other security features used to access the Online Account.

Owner - Any individual or entity meeting the definition of an Owner under Code section 318.

Participant - Employees eligible to participate in the Client's Plan pursuant to the Basic Plan Document, Adoption Agreement, and SPD, if Plan not required for Client's Service Offering, person eligible to participate in a Client's Service Offering.

Participant Communications - Required communications provided by Plan to Participants, including, but not limited to, all required enrollment information, Summary Plan Description and Summaries of any Material Modifications.

Party - Paychex and Client referred to either collectively or individually.

Paychex, Inc. - Party to Agreement and provider of the Services.

Plan - Collectively, the Client's FSA, HRA and POP.

Plan Assets - Assets of a funded benefit plan.

Plan Administrator - Administrator of Client's Plan. Paychex is not the Plan Administrator for Client's Plan.

Plan Documents - For purposes of this Agreement Plan Documents shall consist of the (i) Basic Plan Document; (ii) Adoption Agreement; and (iii) Summary Plan Description for the Client's applicable Plan. Paychex shall provide sample Plan Documents only for those Service Offering(s) selected by Client for which the establishment and operation of the Plan is required.

Plan Year - 12-month period selected by the Employer to be the Plan Year.

POP - Premium Only Plan.

Qualified Services - For a Health FSA, HSA and/or HRA account, Qualified Services include any and all related goods and services within the meaning of the term "medical care" or "medical expense" as defined in Code Section 213 and the rulings and Treasury regulations thereunder to the extent that such goods and services are allowable for the Account in question.

Services - The third-party reporting, and other administrative services specified in this Agreement for Client's selected Service Offering.

Service Effective Date - Date that Paychex notifies Client that it shall commence the Services.

Service Offering - Health FSA, Dependent Care FSA, Limited Health FSA, HRA, Limited Health HRA, and HSA.

Stale Check - A Claim Reimbursement Amount check for payment that a Participant fails to present within one hundred eighty (180) days of the date on which the Claims Reimbursement Check was drawn.

Standardized Format - A format that at the sole discretion of Paychex is acceptable and capable of receipt under the Paychex contribution import system.

**Part D – Paychex Benefit Account Services
Companies Entering into Agreement**

Company Name: Joshua Basin Water District Office/Client Number: 0479 / Z803 Federal Identification Number: 95-2387111

Company Name: Office/Client Number: / Federal Identification Number:

This Business Associate Agreement ("Agreement") is made and entered into by and between the employer/plan sponsor identified on the signatory page ("Employer") on behalf of the Group Health Plan (the "Health Plan") that it sponsors ("Covered Entity") and Paychex, Inc. ("Business Associate"). This Agreement amends and is incorporated by reference into the agreement ("Service Agreement") between the Parties relating to the services by and between Employer and the Business Associate. This Agreement shall be effective upon execution of the Service Agreement by Employer.

1. Definitions

Unless otherwise defined, terms used in this Agreement have the same meaning as those terms in the Standards for Privacy of Individually Identifiable Health Information or the HIPAA Security Standards ("HIPAA Privacy & Security Rules"), found at 45 CFR Parts 160-164.

- a. **Agreement** – "Agreement" means this Business Associate Agreement.
- b. **Business Associate** – "Business Associate" means Paychex, Inc.
- c. **Covered Entity** – "Covered Entity" means the Health Plan.
- d. **HITECH Act** – "HITECH Act" means the HITECH Act of the American Recovery and Reinvestment Act of 2009 (Title XIII, Subtitle D of P.L. 111-5), enacted February 17, 2009 (codified at 42 USC § 17921 et seq.).
- e. **Services Agreement** – "Services Agreement" means the agreement between the Parties relating to the services by and between Employer and the Business Associate.

2. Obligations and Activities of Business Associate

- a. **Use or Disclosure of Protected Health Information** - Business Associate agrees not to use or disclose Protected Health Information, other than as permitted or required by the Agreement or as Required By Law.
- b. **Safeguards** - Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- c. **Duty to Mitigate** - Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate or its subcontractors in violation of the requirements of this Agreement.
- d. **Duty to Report Violations** - Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware, including, where there is a breach of Protected Health Information, the identities of any individual whose Protected Health Information was breached.
- e. **Agents** - In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Business Associate agrees to ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information.
- f. **Access to Secretary** - Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary of Health and Human Services, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Privacy & Security Rules.
- g. **Access to Individuals** - Business Associate agrees to provide individuals with access to their Protected Health Information, as held in a Designated Record Set by Business Associate, in order to meet the requirements under 45 CFR 164.524. Business Associate agrees to provide such access as directed by Covered Entity. If the individual requests an electronic copy of the information, Business Associate will provide the Covered Entity with the information requested in the electronic form and format requested by the individual and/or the Covered Entity if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to by the Parties.
- h. **Amendment of Protected Health Information** - Business Associate agrees to make any amendment(s) to Protected Health Information it holds in a Designated Record Set, as directed by the Covered Entity pursuant to 45 CFR 164.526.
- i. **Accounting of Disclosures** - Business Associate agrees to document and provide a description of any disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528. Business Associate agrees to provide such information to Covered Entity, or to an Individual at the direction of the Covered Entity, in order for Covered Entity to comply with the accounting requirements in 45 CFR 164.528.
- j. **Covered Entity's Right to Restrict** - Business Associate agrees to comply, upon communication by Covered Entity, with any restrictions to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR 164.522.
- k. **HIPAA Security Standards** - Business Associate agrees to comply with the HIPAA Privacy & Security Rules with respect to any Electronic Protected Health Information that Business Associate holds on behalf of the Plan.

- i.** Business Associate agrees to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to Electronic Protected Health Information to prevent use or disclosure of Protected Health Information other than as provided for by the Agreement.
 - ii.** Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required in the HIPAA Privacy & Security Rules.
 - iii.** Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect such information.
 - iv.** Business Associate agrees to report to Covered Entity any security incident under the HIPAA Privacy & Security Rules of which it becomes aware, including the identities of any individual whose Electronic Protected Health Information was breached.
- l. Responsibilities If Security Breach** - Business Associate shall notify Covered Entity if there is a Breach by either Business Associate or one of its agents of unsecured protected health information, as defined in, and consistent with, the HITECH Act and any regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. Such notification shall:
- i.** Be made in writing to the Covered Entity's Privacy Officer or other specific Party identified by the Covered Entity who will be responsible for security breach notifications.
 - ii.** Be made in accordance with 45 CFR Part 164.410(b).
 - iii.** Include the information required pursuant to 45 CFR Part 164.410(c).
- m.** Notification Pursuant to 45 CFR Part 164.404, 164.406 and 164.408. Covered Entity shall notify the individuals involved, or the media or the US Department of Health and Human Services, as applicable, in accordance with the HITECH Act, and regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D, unless otherwise agreed by the Parties. The Parties will agree in advance as which Party will pay the cost of such notices. For purposes of this provision, Business Associate is considered an independent contractor of Covered Entity

3. Permitted Uses and Disclosures by Business Associate

- a. Disclosures Generally** - Except as otherwise provided in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Services Agreement, provided that such use or disclosure would not violate the HIPAA Privacy & Security Rules if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.
- b. To Carry Out Covered Entity Obligations** - To the extent Business Associate is to carry out one or more of Covered Entity's obligations under Subpart E of 45 CFR Part 164, Business Associate agrees to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.
- c. Management & Administration**
 - i.** Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
 - ii.** Business Associate may disclose Protected Health Information for the proper management and administration of Business Associate, provided that disclosures are: (a) required by law or (b) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- d. Data Aggregation & De-Identification** - Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity or to de-identify Protected Health Information. Once information is de-identified this Business Associate Agreement shall not apply.
- e. Required By Law** - Business Associate may use or disclose Protected Health Information as required by law.

4. Obligations of Covered Entity

- a. Plan's Compliance** - Employer and/or the Covered Entity, as appropriate, shall be responsible for their compliance with HIPAA's and the HITECH Act's administrative requirements resulting from the Employer and/or Covered Entity's activities, if applicable, including, but not limited to, privacy officer designation, training, etc.
- b.** Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- c.** Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA, the HITECH Act or the Privacy Rule if done by Covered Entity, except that Business Associate can use such PHI for data aggregation or management and administrative activities of Business Associate.

5. Disclosures to Plan Sponsor/Employer

- a. Amendment of the Health Plan** – Where the Covered Entity requests Business Associate to disclose PHI to the Employer, in its plan sponsor capacity, Covered Entity represents that it has executed the any required plan amendments or certifications Required by Law. Covered Entity agrees to identify to Business Associate the Employer's employees, classes of employees, and other persons to whom Business Associate shall disclose PHI.
- b. Disclosure of Summary Health Information** - This section does not apply to disclosures of summary information as defined in HIPAA. Business Associate may disclose to the Employer summary health information:

its coverage under the Covered Entity;

- ii. to modify, amend, or terminate the Covered Entity; or
- iii. as otherwise permitted by HIPAA or the HITECH Act.

6. Term and Termination

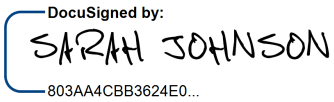
- a. **Term** - Upon termination of the Services Agreement, Business Associate will destroy or return to Covered Entity any Protected Health Information it holds in any form. This provision also applies to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate will retain no copies of the Protected Health Information. If Business Associate reasonably can show that it is infeasible to return or destroy Protected Health Information, Business Associate must extend the protections under this Agreement to such Protected Health Information and only may further use or disclose such information for those purposes that make the return or destruction infeasible.
- b. **Termination for Cause** - Upon Covered Entity's knowledge of a material breach of this Agreement by Business Associate, Covered Entity is authorized to terminate this Agreement and the Services Agreement.
- c. **Survival** - The rights and obligations of Business Associate under this Agreement will survive the termination of this Agreement.

7. Miscellaneous

- a. **Compliance with Laws and Regulations** - The HITECH Act requires federal agencies to establish rules and regulations regarding the privacy and security of Protected Health Information. Business Associate will ensure that its privacy and security procedures are compliant with the HITECH Act and any rules and regulations issued thereunder with respect to Covered Entity's Protected Health Information. The Parties agree to amend this Agreement to comply with applicable requirements of the HITECH Act, where necessary.
- b. **Relationship of Parties** - The parties intend that Business Associate is an independent contractor and not an agent of Covered Entity.

IN WITNESS WHEREOF, the parties execute this Agreement (Rev. 6/15) by their duly authorized representatives.

EMPLOYER/PLAN SPONSOR _____
 GROUP HEALTH PLAN _____

Signature 

Print Name Sarah Johnson

Print Title Managing Director General Manager Date 10/23/2023 | 08:40 PDT

BUSINESS ASSOCIATE: PAYCHEX, INC.

Signature 

Print Name Thomas J Hammond

Print Title Vice President, Corporate Strategy and Product Management

By action of the **Board of Directors** of , a **Joshua Basin Water District**

(COMPANY NAME)
Other taken on 10/23/2023 | 08:40 PDT, the following resolutions were duly adopted.
(ORGANIZATION TYPE) (DATE)

WHEREAS, the **Board of Directors** of this organization has considered the salient features of the following employee benefit plan:

- Premium Only Plan Flexible Spending Account Plan Health Reimbursement Arrangement Plan

which, when executed and carried out, will provide benefits to its employees and their beneficiaries; and

WHEREAS, it is believed that the adoption of the above-designated Plan will encourage continuous employment and employee loyalty, in the mutual interest of the employees and the organization; and

THEREFORE, IT IS RESOLVED, that the **Board of Directors** of this organization hereby adopt(s) the Plan designated above and do(es) hereby authorize the **General Partner/Member** to execute an Adoption Agreement setting forth the terms and conditions of the selected Plan; and it is

FURTHER RESOLVED, that Paychex is hereby appointed as Plan Service Provider to serve for such term(s) and to have such powers and duties as set forth in the Plan and the applicable administrative service agreement(s); and it is

FURTHER RESOLVED, that the Plan shall be effective for the Plan Year ending 20 **24**; and it is

FURTHER RESOLVED, that for the Plan adopted pursuant to this Resolution, that **Joshua Basin Water District**
(ADOPTING EMPLOYER or DESIGNATED INDIVIDUAL)

be and hereby is designated as Plan Administrator, and **Joshua Basin Water District** be and hereby is
(DESIGNATED INDIVIDUAL)

designated as Trustee.

IN WITNESS WHEREOF, I have executed this Resolution this date of 10/23/2023 | 08:40 PDT
(MONTH/DAY/YEAR)

DocuSigned by:
SARAH JOHNSON
803AA4CBB3624E0
(AUTHORIZED SIGNATURE)

Sarah Johnson
(PRINTED NAME)

General Manager
(PRINTED TITLE)

SUMMARY**Client Information**

Company Name Joshua Basin Water District		Office/Client Number 0479 / Z803	
Authorized Officer Name Sarah Johnson		Federal ID 95-2387111	
Primary Contact Name Audriana Sheehan		E-mail asheehan@jbwd.com	
Telephone (760)974-0058	Extension		
Address 1 Po Box 675		Address 2	
City Joshua Tree		State CA	ZIP 92284
Organization Type <u>Other</u>			

Payroll Client <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Is this an ASO or PEO client? No
	Payroll Frequency Bi-Weekly
	Next Payroll Date 1/1/2024

~ADDITIONAL E1 INFORMATION~
Payroll Deduction Rounding - Round Up, Adjust Last Pay Period

Controlled Ownership
 Yes No

Sales Rep Name PELYCHATY, LEA	How did you receive this lead? MMS REP REFERRAL
---	---

Is there a referring Sales Rep? Yes No

Referring Rep Name: **GUERRINI, KATHERINE** ID: **X985**

Paychex Plan Effective Date 1/1/2024	Plan End Date 12/31/2024
---	---------------------------------

Does the client currently offer a group health plan? Yes No

What is the waiting period before employees can participate? **30 Days**

After the waiting period is met, what is the entry date?

First of the month following eligibility date

Decline All POP Core Medical Dental Vision Group Term Life Short Term Disability Long Term Disability Accidental Death

Type of Copay	Copay Amount
Medical	\$ 10.00
Pharmacy	\$ 5.00
Dental	\$ 25.00
Vision	\$ 15.00
Medical	\$ 30.00

Pharmacy

\$ 50.00

Joshua Basin Water District

Paychex Benefit Account - FSA

Do you have an existing FSA? Yes No

Prior Recordkeeper? Other

Are there prior Year Carryover Amounts? Yes, new plan with carryover amounts

Previous Plan Number Previous Plan Year Administration Period
 to

Are you going to offer the Health FSA (Medical, Dental, Vision)? Yes No

What is the maximum dollar amount you will allow an employee to contribute?
(IRS regulated maximum: \$2,700)

Would you like to allow carryover amounts? Yes No

Carryover Limit:

~ADDITIONAL E1 INFORMATION~

Health FSA - Maximum, Total of EE and ER maximum **\$3050**

Health FSA- Runout period, 90 days

Health FSA- Terminated Runout, 90 days from term

Health FSA- Minimum Amount, \$25

Dependent Care FSA

Are you going to offer the Dependent Care FSA Option? Yes No

What is the maximum dollar amount you will allow an employee to contribute?
(IRS regulated maximum: \$5,000)

Will you allow a grace period to submit dependent care claims? Yes No
Note: The grace period is 2 months and 15 days past the end of the plan year.

~ADDITIONAL E1 INFORMATION~

DCA FSA Maximum - Total of the ER and EE maximum **\$5,000.00**

DCA FSA- Runout period, 90 days

DCA FSA- Minimum Amount, \$25

DCA FSA- Terminated Runout, 90 days from term

DCA FSA Debit Card - No

Joshua Basin Water District

Organization Type Other

Please Specify:
Special District

Are there any employees who are more than 5% Stockholder/Owner? Yes No

Are there any employees who are more than 1% Stockholder/Owner? Yes No

Are there any employees of the company who have the authority of an administrative executive who is in regular and continued service of the company and earns more than \$185,000 annually or is one of the top 5 highest paid officers? Yes No

Note: Select all that apply

	> \$185,000 Annually	Top 5
Sarah Johnson	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Anne Roman	<input type="checkbox"/>	<input checked="" type="checkbox"/>
David Shook	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Jeremiah Nazario	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Brandon Warner	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Are there any employees who are family members of the 5%, 2% and 1% Stockholder/Owner including Spouse, Parent, Grandparent, and Child? Yes No

Please list any employees who are in the top paid 25% of all employees in the company.

1. Sarah Johnson
2. Anne Roman
3. David Shook
4. Jeremiah Nazario
5. Brandon Warner

Are there any individuals or employees who own directly or indirectly greater than 10% of the stock, capital or profits of the company? Yes No

Are there any employees who are earning more than \$120,000 in the prior year? Yes No

The top 20% of all employees who earned more than \$120,000 in the prior year (the income limit may be adjusted annually).

1. Sarah Johnson
2. Anne Roman
3. David Shook
4. Jeremiah Nazario
5. Brandon Warner

Payment Information

Company Name
Office/Client Number
Federal ID Number

Joshua Basin Water District
0479/Z803
95-2387111

Benefit Account Service Setup

\$ 600.00

Administrative (monthly)

\$ 75.00 Benefit Account Minimum

\$ 6.25 FSA per participant


Select billing option for payment of setup fees only.

- Full Payment of 600.00
- 3 EFT Monthly Installments of .
- Submit live check of , and EFT balance of in 2 monthly installments.
Check Number
- Charge amount of , and EFT balance of in 2 monthly installments.

Select billing option for payment of setup fees only.

- Electronic Payment:** Amount
- Check Payment:** Amount Check Number
- Charge Payment:** Amount

Prices subject to change with written notification. Please initial here to confirm your acceptance of the fees, payment option, and reimbursement arrangement specified above and the payment terms contained in the Paychex® Benefit Account Service Agreement.


 10/23/2023 | 08:40 PDT

INITIALS

Company Name

Joshua Basin Water District

Office/Client Number

0479

Z803

Federal ID Number

95-2387111

Checking Account Designation

Designate the checking account that will be used for the following services by entering the routing number and the account number below.

- EFT Payment for Paychex Services
- Flexible Spending Account (Reimbursement)

Bank Name

US Bank

Routing Number

Account Number

****6252

Add Another Parent Checking Account

DS
SS

Initials

Please verify that the routing and account numbers above are correct. Paychex shall use this information to perform Services pursuant to the service Agreement between the parties.

2023-10-18



Date Initialed

10/23/2023 | 08:40 PDT

Certificate Of Completion

Envelope Id: 6F14139E711B4788B054060F8F4CD4B4	Status: Completed
Subject: Complete with DocuSign: Joshua Basin Water District - FSA Paperwork	
Source Envelope:	
Document Pages: 27	Signatures: 3
Certificate Pages: 5	Initials: 7
AutoNav: Enabled	Envelope Originator:
Envelope Stamping: Enabled	Lea Pelychaty
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	911 Panorama Trail
	Rochester, NY 14625
	Impelychaty@paychex.com
	IP Address: 104.229.218.53

Record Tracking

Status: Original	Holder: Lea Pelychaty	Location: DocuSign
10/16/2023 10:51:55 PM	Impelychaty@paychex.com	

Signer Events

SARAH JOHNSON
 SJOHNSON@JBWD.COM
 General Manager
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

 803AA4CBB3624E0...
 Signature Adoption: Pre-selected Style
 Using IP Address: 67.52.103.170

Timestamp

Sent: 10/16/2023 11:02:14 PM
 Resent: 10/23/2023 11:28:02 AM
 Viewed: 10/23/2023 11:37:14 AM
 Signed: 10/23/2023 11:40:29 AM

Electronic Record and Signature Disclosure:
 Accepted: 10/17/2023 12:26:32 PM
 ID: 2a154fa8-f32c-4d2c-a7df-92896393e1b8

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

ANNE ROMAN
 AROMAN@JBWD.COM
 Security Level: Email, Account Authentication (None)

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AUTUMN RICH
 ARICH@JBWD.COM
 Security Level: Email, Account Authentication (None)

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Carbon Copy Events	Status	Timestamp
Kaytee Guerrini kguerrini@paychex.com Mid-Market HCM Consultant (Training) Paychex, Inc. Security Level: Email, Account Authentication (None)	COPIED	Sent: 10/16/2023 11:02:13 PM
Electronic Record and Signature Disclosure: Not Offered via DocuSign		

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	10/16/2023 11:02:14 PM
Envelope Updated	Security Checked	10/18/2023 9:14:10 PM
Envelope Updated	Security Checked	10/18/2023 9:14:10 PM
Certified Delivered	Security Checked	10/23/2023 11:37:14 AM
Signing Complete	Security Checked	10/23/2023 11:40:29 AM
Completed	Security Checked	10/23/2023 11:40:29 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Paychex Inc.:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To advise Paychex Inc. of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at privacy@paychex.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Paychex Inc.

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to privacy@paychex.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Paychex Inc.

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Paychex Inc. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Paychex Inc. during the course of your relationship with Paychex Inc..

JOSHUA BASIN WATER DISTRICT Section 125 Plan
2024 Restatement

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JOSHUA BASIN WATER DISTRICT Section 125 Plan
2024 Restatement

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Introduction

JOSHUA BASIN WATER DISTRICT has established the JOSHUA BASIN WATER DISTRICT Section 125 Plan (the "Plan") to provide their Employees with choices among certain employee benefits and cash compensation.

The purpose of the Plan is to provide the following Benefit Options and other arrangements to Eligible Employees:

- **Premium Only Plan.** This Arrangement permits you to pay for the cost of your coverage for you, your Spouse, or your Dependents on a pre-tax salary reduction basis under:
- **Medical Flexible Spending Arrangement ("Medical FSA").** The Medical FSA permits you to elect to reduce a portion of your salary on a pre-tax basis to pay for Qualifying Medical Expenses for you, your Spouse, or your Dependents. You may not contribute to a Medical FSA if you contribute to a Health Savings Account. See the Section below regarding Limited Purpose Medical Flexible Spending Accounts for more information.
- **Limited Purpose Medical Flexible Spending Arrangement ("Limited Purpose Medical FSA").** The Limited Purpose Medical FSA permits you to elect to reduce a portion of your salary on a pre-tax basis to pay for certain limited Qualifying Medical Expenses for you, your Spouse, or your Dependents. You are permitted to contribute to a Limited Purpose Medical FSA if you make contributions to a Health Savings Account.
- **Dependent Care Flexible Spending Arrangement ("Dependent Care FSA").** The Dependent Care FSA permits you to elect to reduce a portion of your salary on a pre-tax basis to pay for Qualifying Dependent Care Expenses.

This booklet is called a Summary Plan Description ("SPD") and it contains a summary of your rights and benefits under the Plan. You may request a copy of the SPD by contacting the Plan Administrator. If you have difficulty understanding any part of this SPD, you should contact the Plan Administrator for assistance. The Plan Administrator may refer you to the Recordkeeper.

This SPD is a brief description of the terms of the Plan. It is not meant to interpret, extend, or change the Plan in any way. A copy of the Plan is on file with the Plan Administrator and you may review the Plan Document at any reasonable time. The Plan governs in the event of any discrepancy between the Plan's provisions and this SPD.

Section 1

Eligibility and Participation in the Plan

Eligibility Requirements

You are considered an Eligible Employee

Premium Only Plan (POP)

- Incorporated by reference

Flexible Spending Account (FSA)

- If you have worked for the Employer for 30 days

You are eligible to participate in the Plan

POP

- on your date of hire if you are classified as an Eligible Employee

FSA

- on the first day of the month beginning after the date you become an Eligible Employee

Enrollment

After meeting the Eligibility Requirements, you may enroll in the Plan as described in Section 2. Your enrollment becomes effective the first day of the month following the date you meet the Eligibility requirements and will remain in effect unless the Enrollment Form is changed by you or revoked.

Termination of Participation

Your coverage under the Plan will end if:

- You revoke your Enrollment Agreement;
- You no longer meet the Plan's eligibility criteria;
- Your employment with the Employer terminates; or
- The Plan is terminated.

Reinstatement During Plan Year

If you terminate employment and resume employment within thirty (30) days, your elections under the Plan may be automatically reinstated. However, if you resume employment thirty (30) days after the date you were terminated, you may not reinstate your previous elections on a prospective basis, in accordance with the Enrollment procedures discussed above. You may generally not make new elections for the remainder of the Plan Year.

Section 2 Enrollment Options Under the Plan

Enrollment Options

FSA - In order to enroll in the Plan, you will need to complete your enrollment through the participant website at www.paychex.com/login. Alternatively, you may complete an Enrollment Form, which may be obtained from and filed with your Employer. If applicable, enrollment also may be accomplished by alternate means as determined and communicated to you by your Employer. Your enrollment will be effective for the entire Plan Year, and will remain in effect from one Plan Year to the next unless changed or revoked. Your enrollment can only be changed annually during open enrollment or as described in this Section 2.

Employer Contribution

Your Employer may, in its discretion, credit an amount under the Plan each Plan Year, to be allocated in addition to the salary reduction of your elected benefits stated through your Enrollment Agreement. The amount of the Employer credit may change from one year to the next. Your Employer shall notify you of the annual employer contribution, if any, and the cost of your elected benefits prior to the beginning of each Plan Year.

Limits on Salary Reduction Amounts Elected

The limits on salary reduction amounts are as follows:

- **Premium Only Plan.** The maximum amount that you may elect to salary reduce under the Premium Only Plan for the Plan Year, is equal to the amount of the premium that is solely your responsibility under:
- **Medical FSA (includes Limited Purpose Medical FSA).** The maximum amount that you may elect to salary reduce under the Medical FSA for the Plan Year is \$3,050.00.

The minimum amount that you may elect to salary reduce under the Medical FSA for the Plan Year is \$0.00.

If your Employer makes an Employer Contribution to the Medical FSA, this amount will be added to the amount you elect to salary reduce. The total of your salary reduction and your Employer Contribution (if applicable) will represent the maximum benefit amount available under the Medical FSA.

- **Dependent Care FSA.** The maximum amount that you may elect to salary reduce under the Dependent Care FSA is equal to the lesser of:
 - your earned income for the Plan Year (after all reductions in compensation including the reduction related to Dependent care assistance) up to \$5,000 (subject to indexing by the IRS);
 - the actual or deemed earned income of your Spouse for the Plan Year; or
 - \$2,500 if you are married and filing a separate federal income tax return.

If your Spouse is a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself, your Spouse shall be deemed to have earned income of not less than \$250 per month if you have one Dependent and \$500 per month if you have two or more Dependents.

If your Employer makes an Employer Contribution to the Dependent Care FSA, this amount will be added to the amount you elect to salary reduce. The total of your salary reduction and your Employer Contribution (if applicable) will represent the maximum benefit amount available under the Dependent Care FSA.

Change in Election Due to Change in Status (For Benefits other than HSA)

You may change your election during the Plan Year if conditions (a), (b), and (c) are satisfied:

- (a) One or more of the following "change in status" events occurs:
- marriage (as defined under federal law),
 - divorce,
 - legal separation,
 - annulment,
 - death of Spouse or Dependent,
 - birth or adoption of child,
 - change in your employment status or that of your Spouse or Dependent,
 - a Dependent satisfying or ceasing to satisfy eligibility requirements, or
 - change in your place of residence or that of your Spouse or Dependent; and
- (b) The proposed change in election is on account of and corresponds with that change in status (for example, the proposed change bears a logical relationship to the event that has occurred); and
- (c) The change in status affects eligibility under the Plan (for example, you, your Spouse or your Dependent either gains or loses coverage in response to an event).

Change in Election Due to Change in Cost or Coverage , (For Benefits other than HSA)

If your cost or coverage under the Medical Plan or Dental Plan, or cost or coverage under your Dependent Care FSA changes, the Plan Administrator is authorized to allow you to change your election during the Plan Year with respect to the Premium Only Plan and Dependent Care FSA (but not the Medical FSA) under the following circumstances.

- **Cost Changes.** If the cost of your coverage increases or decreases during a Plan Year, the Employer may prospectively increase or decrease your salary reduction contributions for the Plan Year. If such change is significant, the Employer may allow you to make a corresponding change in election. This only applies in the case of a Dependent Care FSA if the cost change is imposed by a dependent care provider who is not your

relative.

- **Coverage Changes.** If your coverage is significantly reduced during the Plan Year (for example, there is a significant increase in the deductible, the co-pay, or the out-of-pocket cost sharing limit under the Health Program), the Employer may allow you to change your election with respect to that coverage and elect similar coverage available under the Plan. If you experience a complete loss of coverage as defined in IRS regulations, the Employer may allow you to drop coverage if no similar coverage is available.
- **Addition or Improvement.** If the Employer adds a coverage option, or if coverage under an existing option is significantly improved during the Plan Year, you may make an election on a prospective basis for the improved option.
- **Change in Coverage Under Another Employer Plan.** You may make a prospective election change that is on account of and corresponds with a change made under another employer's plan, including a plan of your Spouse or Dependent.

Change in Election Due to Certain Other Events (For Benefits other than HSA)

You may change your election during the Plan Year under the Premium Only Plan or Medical FSA if any of the following events occur:

- A special enrollment right under HIPAA;
- A judgment, decree or order requiring that your child receive accident or medical coverage (including a Qualified Medical Child Support Order); or
- Your eligibility for Medicare or Medicaid.

Change in Election Due to FMLA Leave , (For Benefits other than HSA)

If you take leave under the Family and Medical Leave Act of 1993 ("FMLA"), you may change or revoke your election under the Premium Only Plan (for group health coverage only) or the Medical FSA, subject to the following limitations:

- **Revoking Coverage.** If you are absent on FMLA Leave, you may elect to cease participation in the Premium Only Plan or the Medical FSA at the time your leave begins.
- **Resuming Coverage.** When you return to employment from FMLA Leave, if you have revoked coverage under the Premium Only Plan, you may elect to reinstate your coverage on a prospective basis, but only at the level of coverage elected before your FMLA Leave began. With respect to the Medical FSA, the preceding sentence applies, except that you may either:
 - catch-up the contributions that were due during the period of FMLA Leave, in which you will resume coverage at the same amount elected before FMLA Leave began, or
 - not catch-up such contributions, with the annual amount of your coverage reduced accordingly
- **Continuing Coverage.** If you wish to continue participation in the Plan during

FMLA Leave, you may either pay the premiums on a pre-tax basis before taking FMLA Leave (for example, pre-pay), on an after-tax basis during FMLA Leave (for example, pay as you go), or on a catch-up basis when you return from FMLA Leave (for example, catch-up). You must elect one of these payment methods prior to taking FMLA Leave and make all required payments on a timely basis in order to continue coverage during the leave period. If you continue coverage, expenses that you incur during the leave period will be reimbursed. Failure to make payments under the method that you elect will result in the discontinuance of coverage under the Plan during the leave period. If coverage is discontinued, no expenses that you incur during the leave period will be reimbursed.

Section 3 Benefit Options Under the Plan

Premium Only Plan

Cost of Coverage. A Premium Only Plan allows employer-sponsored group insurance plan premiums to be deducted from eligible employees on a pre-tax salary reduction basis. If you cover any individuals who do not satisfy the definition of an Employee, Spouse or Dependents, including your domestic partner, you will be required to pay for such coverage on an after-tax basis. In addition, unless specified otherwise above, Short-Term Disability and Long-Term Disability coverage will be paid on an after-tax basis, so that the benefit will be non-taxable.

Medical FSA

If you elect to participate in the Medical FSA, the Employer will establish and maintain on its books a Medical FSA Account that will allow you to pay the Qualifying Medical Expenses incurred by you, your Spouse or your Dependents on a pre-tax salary reduction basis. Each Plan Year will be accounted for separately. Certain limitations may apply if you participate in a Limited Purpose Medical FSA (see below for more information).

Crediting of Account. Your Medical FSA Account will be credited, as of each date compensation is paid to you, with an amount equal to the salary reduction you elected in your Enrollment Agreement. All amounts credited to the Medical FSA Account are the property of the Employer until paid out to you as a Qualifying Medical Expense.

Debiting of Account. Your Medical FSA Account will be debited from time to time in the amount of any payment for Qualifying Medical Expenses as long as you apply for reimbursement on or before March 31st following the close of the Plan Year. You will be eligible to receive reimbursement at any time during the Plan Year up to the amount that you elected in your Enrollment Agreement. Instead of applying for reimbursements, you may use the debit card provided by the Plan Administrator to pay for Qualifying Medical Expenses (as described more fully below).

Reimbursements Following Termination. If you terminate employment during the Plan Year, you will only have 90 days following the date of your termination to submit a claim for reimbursement from your Medical FSA of Qualifying Medical Expenses that were incurred on or prior to the date of your termination. If you do not submit a timely claim for reimbursement, your account balance will be forfeited and you will not be reimbursed for the incurred medical expense.

Reimbursement of Qualifying Medical Expenses with Medical FSA Carryover. You will receive, for each Plan Year, reimbursement of Qualifying Medical Expenses up to the dollar amount of coverage that you elect for that Plan Year, provided such expenses are incurred during the Plan Year and such expenses are not reimbursable by the Medical Plan or any other medical plan. Expenses are treated as incurred when the health care services are provided and not when you are billed, charged for, or pay for the services. Your account will be credited, on January 1 of the next Plan Year, with a carryover amount specified by the Employer in Item (VI) of the Adoption Agreement of unused funds remaining from the prior Plan Year, to be used to cover Qualifying Medical Expenses during the next Plan Year (the "Carryover Amount"). The Carryover Amount may be used in accordance with the terms set forth under this Medical FSA. Any amounts in excess of the Maximum Carryover Amount will

be forfeited to the plan. Effective January 1, 2017, for Participants who have not elected a salary reduction for the next Plan Year and have less than the Minimum Carryover Amount remaining after the close out of the prior Plan Year will be forfeited to the Plan.

Maximum Carryover Amount. The Maximum Carryover Amount shall be up to six hundred ten dollars, no cents (\$610.00) (or other amount specified in Item (VI) of the Adoption Agreement but not in excess of \$610.00).

Minimum Carryover Amount. Effective January 1, 2017 the Minimum Carryover Amount shall be twenty-five dollars (\$25.00) for any Participant that does not elect a salary reduction in the subsequent Plan Year.

If a Participant terminates employment during a Plan Year, Qualifying Medical Expenses will include only those expenses that are incurred on or prior to the date of termination of employment, unless such individual elects to continue coverage under COBRA.

Forfeiture of Account. As of March 31st of the following Plan Year, and after all reimbursements are made to you, any remaining balances in your account that exceed the Maximum Carryover Amount, or are less than the Minimum Carryover Amount (effective January 1, 2017), shall not be carried over to reimburse Qualifying Medical Expenses incurred during a subsequent Plan Year, and are not available in any other form or manner. Rather, balances in excess of the Maximum Carryover Amount or less than the Minimum Carryover Amount, remain the property of the Plan, and you forfeit all rights with respect to the balance. However, the Minimum Carryover Amount does not apply to you if you have elected a salary reduction for the next plan year.

Qualifying Medical Expenses. Qualifying Medical Expenses are expenses for medical care, within the meaning of section 213(d) of the Internal Revenue Code, incurred by you, your Spouse or your Dependent(s), but do not include premium payments for other medical plan coverage, including premiums paid for medical coverage under a plan maintained by your Spouse's or Dependent's employer. Examples of Qualifying Medical Expenses include:

- deductibles and co-payments under any Medical Plan or Dental Plan sponsored by the Employer and under other accident and health insurance that you, your Spouse or your Dependents maintain;
- dental care, including routine dental checkups, orthodontic work, and dentures;
- prescription and nonprescription medicine and drugs purchased to remedy current medical conditions for you, your Spouse or your Dependents;
- eye care, including vision checkups, eyeglasses, and contact lenses;
- hearing care, including hearing examinations and hearing aids; and
- routine physical examinations.

Limited Purpose Medical Flexible Spending Arrangement

If you contribute to a Health Savings Account, you are not eligible to participate in a Medical FSA. However, you may participate in a Limited Purpose Medical FSA. Under a Limited Purpose Medical FSA, you may receive reimbursements for dental or vision care expenses or certain preventative care

expenses the same way you would receive reimbursements if you participated in a Medical FSA.

Crediting of Account. Your Limited Purpose Medical FSA Account will be credited, as of each date compensation is paid to you, with an amount equal to the salary reduction you elected in your Enrollment Agreement. All amounts credited to the Limited Purpose Medical FSA Account are the property of the Employer until paid out to you as a Qualifying Medical Expense permitted under your Limited Purpose Medical FSA.

Debiting of Account. Your Limited Purpose Medical FSA Account will be debited from time to time in the amount of any payment for applicable Qualifying Medical Expenses as long as you apply for reimbursement on or before March 31st following the close of the Plan Year. You will be eligible to receive reimbursement at any time during the Plan Year up to the amount that you elected in your Enrollment Agreement. Instead of applying for reimbursements, you may use the debit card provided by the Plan Administrator to pay for applicable Qualifying Medical Expenses (as described more fully below).

Reimbursements Following Termination. If you terminate employment during the Plan Year, you will only have 90 days following the date of your termination to submit a claim for reimbursement from your Limited Purpose Medical FSA of applicable Qualifying Medical Expenses that were incurred on or prior to the date of your termination. If you do not submit a timely claim for reimbursement, your account balance will be forfeited and you will not be reimbursed for the incurred medical expense.

Reimbursement of Applicable Qualifying Medical Expenses. You will receive, for each Plan Year, reimbursement of applicable Qualifying Medical Expenses up to the dollar amount of coverage that you elect for that Plan Year, provided such expenses are incurred during the Plan Year and such expenses are not reimbursable by the Medical Plan or any other medical plan. Expenses are treated as incurred when the health care services are provided and not when you are billed, charged for, or pay for the services.

If a Participant terminates employment during a Plan Year, Qualifying Medical Expenses will include only those expenses that are incurred on or prior to the date of termination of employment, unless such individual elects to continue coverage under COBRA.

Forfeiture of Account. If any balance remains in your Limited Purpose Medical FSA Account for a Plan Year after all reimbursements are made to you, up until March 31st of the following year, such balance is not carried over to reimburse you for applicable Qualifying Medical Expenses incurred during a subsequent Plan Year, and is not available to you in any other form or manner. Rather, the balance remains the property of the Plan, and you forfeit all rights with respect to the balance.

Applicable Qualifying Medical Expenses. Reimbursement of expenses from a Limited Purpose Medical FSA are limited to:

- Services or treatments for dental care (excluding premiums);
- Services or treatments for vision care (excluding premiums);
- Services or treatments for "preventive care." Preventive care is defined in accordance with applicable rules and regulations under Section 223(c)(2)(C) of the Code. This may

include prescribed drugs to the extent that such drugs are taken by an eligible individual (1) to delay or prevent the onset of symptoms of a condition for which symptoms have not yet manifested themselves (i.e., the eligible individual is asymptomatic); (2) to prevent the recurrence of a condition from which the eligible individual has recovered; or (3) as part of a preventive care treatment program (e.g., a smoking-cessation or weight-loss program). Preventive care does not include services or treatments that treat an existing condition.

Dependent Care FSA

If you elect to participate in the Dependent Care FSA, the Employer will establish and maintain on its books a Dependent Care FSA Account that will allow you to pay Qualifying Dependent Care Expenses (explained below) on a pre-tax salary reduction basis. Each Plan Year will be accounted for separately.

Crediting of Account. Your Dependent Care Account will be credited, as of each date compensation is paid to you, with an amount equal to the salary reduction you elected in your Enrollment Agreement. All amounts credited to your Dependent Care Account are the property of the Employer until paid out as Qualifying Dependent Care Expense.

Debiting of Account. Your Dependent Care Account will be debited from time to time in the amount of any payment for Qualifying Dependent Care Expenses as long as you apply for reimbursement on or before March 31st following the end of the Plan Year. You will only be eligible to receive reimbursement up to the amount that is credited to your account at the time you request such reimbursement.

Reimbursements Following Termination. If you terminate employment during the Plan Year, you will only have 90 days following the date of your termination to submit a claim for reimbursement from your Dependent Care FSA of Qualifying Dependent Care Expenses that were incurred on or prior to the date of your termination. If you do not submit a timely claim for reimbursement, your account balance will be forfeited and you will not be reimbursed for the incurred dependent care expense.

Forfeiture of Accounts. If any balance remains in your Dependent Care Account for any Plan Year after all reimbursements are made to you, up until March 31st of the following year, such balance is not carried over to reimburse you for dependent care during a subsequent Plan Year, and is not available to you in any other form or manner. Rather, the balance remains the property of the Plan, and you forfeit all rights with respect to such balance.

Grace Period. You may continue to incur Qualifying Dependent Care Expenses up to March 15th following the end of the Plan Year.

Qualifying Dependent Care Expenses. Qualifying Dependent Care Expenses are expenses incurred by you which satisfy the following conditions:

- are incurred for the care of your Dependents or for related household services on or before March 15th following the close of the Plan Year; expenses are treated as incurred when the services are provided and not when you are billed, charged for, or pay for the services;

- are paid or payable to a dependent care service provider (i.e., a dependent care center that satisfies the requirements of Code section 21(b)(2)(C) or an individual who is: (i) not your dependent, and (ii) if your child, at least age 19) ; and
- are incurred to enable you and your Spouse if applicable to be gainfully employed.

Qualifying Dependent Care Expenses do not include expenses incurred for services outside your household for the care of a Dependent unless such Dependent is: (i) your Dependent who is under the age of 13 and who lives with you for over half the calendar year, (ii) your Dependent who is mentally or physically unable to care for himself, lives with you for over half the calendar year, regularly spends at least eight hours each day in your household, or (iii) your Spouse who is mentally or physically unable to care for himself, lives with you for over half the calendar year, and regularly spends at least eight hours each day in your household.

Section 4

Claims Procedures: Medical FSA, Limited Purpose FSA and/or Dependent Care FSA

How to File a Claim for Benefits

If you have completed an Enrollment Agreement for a Plan Year with respect to the Medical FSA, Limited Purpose Medical FSA and/or the Dependent Care FSA, you may pay for Qualifying Dependent Care Expenses and/or Qualifying Medical Expenses with your own funds and request reimbursement from the Plan in accordance with the procedures described in this section. Alternatively, you may use the debit card provided by the Plan Administrator to pay for Qualifying Medical Expenses in accordance with the procedures described in this section.

Reimbursement

If you pay for a Qualifying Dependent Care Expenses and/or Qualifying Medical Expenses with your own funds, you may receive reimbursement from your Medical FSA, Limited Purpose Medical FSA and/or Dependent Care FSA by submitting the request in writing to the Plan Administrator in such form as the Plan Administrator may prescribe, setting forth:

- the amount, date and nature of the expense for which reimbursement is requested;
- the name of the Service Provider to which the expense was paid; and
- such other information as the Plan Administrator may from time to time require.

The request must be accompanied by bills, invoices, receipts, or other statements showing the amounts of such expenses, together with any additional documentation that the Plan Administrator may request.

For the Dependent Care FSA, reimbursement will not be made until your Dependent Care Account balance is sufficient to pay your reimbursement. For the Medical FSA or Limited Purpose Medical FSA, the total amount that you elect for the Plan Year is, at all times, available for reimbursement.

Therefore, it does not matter whether your claims exceed the balance in your Medical FSA or Limited Purpose Medical FSA Account at the time of the reimbursement, as long as your claims do not exceed the amount you elected to contribute for the Plan Year.

Payment with FSA Debit Card

Rather than using your own funds to pay for Qualifying Medical Expenses and requesting reimbursement, you may pay for such expenses with a debit card provided by the Plan Administrator, subject to the rules described below.

Conditional Debit Card Charges. Any debit card charges that do not fit within one of the categories of automatic substantiation described below are treated as conditional, pending confirmation of the charge. For all conditional charges, you must file a claim for reimbursement with the Plan Administrator and submit additional third-party information, such as merchant or service provider receipts, for review and substantiation. If, upon review, the Plan Administrator determines that these charges are not Qualifying Medical Expenses, the Plan Administrator will notify you and correct any improper payments in accordance with the procedures outlined under the Plan.

Automatic Substantiation. The following categories of debit card transactions are considered "automatically substantiated." This means that you do not have to provide a receipt for review by the Plan Administrator unless otherwise requested:

- transactions that take place at a doctor's office, if the amount of the transaction equals the amount of your co-payment under the Medical Plan;
- transactions involving a co-payment amount that equals an exact multiple (or combination of co-payments) of not more than five times the dollar amount of the co-payment for the specific service;
- transactions where a third-party uses inventory control information to determine whether an expense qualifies as a Qualifying Medical Expense;
- transactions that are recurring and match previously approved claims;
- Prescription medications that are adjudicated through the Pharmacy Benefit Manager (PBM) network.

Claims Procedure

Initial Claim. If your claim under the Medical FSA, Limited Purpose Medical FSA and/or Dependent Care FSA is denied, a notice will be sent within a reasonable time period, but not longer than 30 days from the date the Plan Administrator receives your claim. If the Plan Administrator determines that an extension is necessary due to matters beyond control of the Plan, this time may be extended 15 days. You will receive notice prior to the extension that indicates the circumstances requiring the extension and the date by which the Plan expects to render a determination. If the extension is necessary to request additional information, the extension notice will describe the required information, and you will be given at least 45 days to submit the information. The Plan Administrator then will make its determination within 15 days from the date it receives your information, or, if earlier, the deadline to submit your information.

If your claim is partially or wholly denied, you will receive notice of an adverse benefit determination that will:

- state the specific reason(s) for the adverse benefit determination;
- reference the specific Plan provisions on which the determination is based;
- describe additional material or information, if any, needed to perfect the claim and the reasons such material or information is necessary;
- describe the Plan's claims review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review;
- disclose any internal rule, guideline, or protocol relied on in making the adverse determination (or state that such information is available free of charge upon request); and
- if the denial is based on a medical necessity or experimental treatment or similar limit,

explain the scientific or clinical judgment for the determination (or state that such information will be provided free of charge upon request).

Appealing a Denied Claim. You will have 180 days from the receipt of an adverse benefit determination to file an appeal with the Plan Administrator. Requests for appeals should be sent to the address specified in the adverse benefit determination. Your request must include a description of the issues and evidence you think are relevant. If you do not raise these issues during your appeal, you may not be able to raise them at a later time, such as in a judicial proceeding.

You will have the opportunity to submit written comments, documents, or other information in support of your appeal and you will have access to all documents that are relevant to your claim. Your appeal will be conducted by a person different from the person who made the initial decision. No deference will be afforded to the initial determination.

If your claim involves a medical judgment question, the Plan Administrator will consult with an appropriately qualified health care practitioner with training and experience in the field of medicine involved. If a health care professional was consulted for the initial determination, a different health care professional will be consulted on appeal. Upon request, the Plan Administrator will provide you with the identification of any medical expert whose advice was obtained on behalf of the Plan in connection with your appeal.

You will be notified of the Plan Administrator's benefit determination on appeal within a reasonable time, but not later than 60 days from receipt of the appeal. If the Plan Administrator issues a negative decision, it will provide a written decision setting forth:

- the specific reason(s) for the adverse determination;
- a reference to specific Plan provision(s) on which the benefit determination is based ;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits;
- a statement describing any voluntary appeal procedures offered by the Plan and your right to obtain information about such procedures and a statement regarding your right to bring an action under section 502(a) of ERISA;
- a disclosure of any internal rule, guidelines, or protocol relied on in making the adverse determination (or state that such information will be provided free of charge upon request);
- if the denial is based on a medical necessity or experimental treatment or similar limit, explain the scientific or clinical judgment for the determination (or state that such information will be provided free of charge upon request).

You also will receive a notice if your claim on appeal is approved.

You, or any other person claiming a benefit under the Plan, must follow the applicable claims procedures before taking action in any other forum regarding a claim for benefits under the Plan. Any suit or legal action initiated under the Plan must be brought no later than one year following a final decision on the claim for benefits under these claims procedures. If a civil action is not

filed within this period, the asserted benefit claim is deemed permanently waived and abandoned.

Correction of Improper Payments. The Plan Administrator retains the right to correct any improper payments issued to you, by debit card or otherwise, by offsetting the amount of any future claim payments, requiring you to reimburse the Plan Administrator by check, or by reducing your salary on an after-tax basis in an amount equal to the improper payment subject to state wage and hour laws.

Section 5

Miscellaneous Information

Non-Transferability of Plan Benefits

Benefits under the Plan may not be transferred, assigned, or used as collateral for a loan outside of the Plan, except to the extent required by law.

Plan Amendment

The Employer, in its sole discretion, may amend the Plan at any time. The Employer's right to amend or modify the Plan may be exercised by the Plan Administrator, provided the Employer does not object within 30 days following the Plan Administrator's issuance of written notice to the Employer of the amendment or modification. In no event will any amendment decrease a benefit you have a right to receive under the Plan.

Plan Termination

The Employer has no legal or contractual obligation to continue the Plan. While the Employer currently intends to continue the Plan indefinitely, it reserves the right to change or terminate the Plan at any time as circumstances may dictate. Any amendment or termination of the Plan will be in accordance with applicable law.

Interpretation of the Plan

The Plan Administrator has the power and discretionary authority to construe the terms of the Plan and to determine all questions that arise under the Plan. This power and authority include, for example, the administrative discretion necessary to resolve issues with respect to your eligibility for benefits, years of service, disability, and retirement, or to interpret any other term contained in Plan documents. The Plan Administrator's interpretations and determinations are binding on all Participants, Employees, former Employees, and their beneficiaries and are intended to be afforded the maximum deference under the law. Benefits under the Plan will be paid only if the Plan Administrator, or its designee, decides in its discretion that the claimant is entitled to them.

No Guaranty of Employment

Participation in the Plan does not guarantee your right to employment with the Employer.

Continuation of Coverage

If you cease to be an Eligible Employee under the Plan and you have elected to participate in the Medical FSA or the Limited Purpose Medical FSA, you may choose statutory continuation coverage under these Plans if you are eligible to do so under COBRA. If you elect COBRA continuation coverage, you may turn in claims for Qualifying Medical Expenses incurred during the Plan Year provided that COBRA participation is in effect. Information about COBRA will be provided to you when you or your Dependent becomes eligible for such coverage.

For more information regarding COBRA, contact the Plan Administrator.

Military Service

If you are on a military leave of absence, you may be eligible to continue coverage under the Plan for both yourself and your Eligible Dependents. You also have certain rights to re-enroll in the Plan upon reemployment. Please contact the Plan Administrator for more information.

HIPAA Privacy

The Plan or Insurance Company may disclose certain health information to the Employer for Plan administration functions. The Employer will keep this information confidential and will not use this information for any employment-related purpose.

Section 6

Statement of ERISA Rights

If you are a participant in the Medical FSA or Limited Purpose Medical FSA, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all Plan participants shall be entitled to:

Receive Information About the Medical FSA or Limited Purpose Medical FSA

- Examine, without charge, at the Plan Administrator's office and at other specified locations all documents governing the Medical FSA or Limited Purpose Medical FSA, including, if applicable, insurance contracts, collective bargaining agreements, and a copy of the latest annual report filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain copies of documents governing the operation of the Medical FSA or Limited Purpose Medical FSA, including, if applicable, insurance contracts and copies of the latest annual report (Form 5500 Series) and an updated SPD. The Plan Administrator may make a reasonable charge for the copies.

Continue Group Health Plan Coverage

- Continue health care coverage for yourself, Spouse or Dependents if there is a loss of coverage under the Medical FSA or Limited Purpose Medical FSA as a result of a qualifying event. You or your Dependents may have to pay for such coverage. Review this SPD and the documents governing the Medical FSA or Limited Purpose Medical FSA on the rules governing your COBRA continuation coverage rights.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the Medical FSA or Limited Purpose Medical FSA, called "fiduciaries," have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the Medical FSA or Limited Purpose Medical FSA or the latest annual report from the Medical FSA or Limited Purpose Medical FSA and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Employer's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that the fiduciaries misuse the Medical FSA or Limited Purpose Medical FSA's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Medical FSA or Limited Purpose Medical FSA, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Section 7
Plan Information

Plan Name

Paychex Section 125 Plan

Plan Sponsor

JOSHUA BASIN WATER DISTRICT
P O BOX 675
JOSHUA TREE, CA 92252-0675
(760) 974-6155

The Employer's Identification Number is:

95-2387111

Plan Administrator

The Plan Administrator is responsible for the administration of the Plan. The Plan Administrator's duties are specifically identified in the Plan document. The name, address, and business telephone number of the Plan Administrator is:

JOSHUA BASIN WATER DISTRICT
P O BOX 675
JOSHUA TREE, CA 92252-0675
(760) 974-6155

The Employer has delegated some of its duties as Plan Administrator to Paychex, Inc. The address and business telephone number of Paychex, Inc. is:

PAYCHEX, Inc.
1175 John Street
West Henrietta, NY 14586 - 9199
1-800-472-0072

Plan Number

The Plan number is 501

Plan Year

01/01/2024 - 12/31/2024*

* Plan will renew each January 1 following the initial Plan Year or until that time when the Plan has been terminated by the Employer Organization.

Type of Plan

The Premium Only Plan is intended to qualify as a cafeteria plan under Code section 125; the Medical FSA and/or Limited Purpose Medical FSA as an ERISA welfare plan under ERISA section 3(1) and a medical reimbursement plan under Code section 105; the Dependent Care FSA as a dependent care

assistance program under Code section 129 and salary reduction contributions to a Health Savings Account are provided under Code section 125.

Funding

The Plan is funded through the Employer's general assets.

Contributions

Contributions are made by the Employee; and/or the Employer in an amount determined by the Employer in its discretion.

Service of Process

The Plan's agent for service of legal process is:

JOSHUA BASIN WATER DISTRICT
P O BOX 675
JOSHUA TREE, CA 92252-0675
(760) 974-6155

Service of process may also be made on the Plan Administrator.

Section 8

Definitions

The following are some key definitions that are used in the Summary Plan Description to describe benefits under the Plan.

Carryover

Unused funds remaining from the prior Plan Year, to be used to cover Qualifying Medical Expenses during the next Plan Year. Amount is determined by your employer and may not exceed \$610.

Code

The Internal Revenue Code of 1986, as amended.

Dependent

For purposes of the Premium Only Plan Medical FSA and Limited Purpose Medical FSA, Dependent means:

- any individual who is a tax dependent of the Participant as defined in Code section 152, without regard to that person's gross income.
- A child of divorced parents is treated as a dependent of both parents if Code section 152(e) applies (regarding a child of divorced or separated parents who receives over half of his or her support from the parents and lives in the custody of one or both parents for more than one-half of the calendar year).

For purposes of the Dependent Care FSA, Dependent means:

- a dependent of the Participant who is under the age of 13 and who lives with the Participant for more than half the calendar year; or
- a dependent of the Participant who is physically or mentally incapable of caring for herself or himself, lives with the Participant for more than half the calendar year, regularly spends at least 8 hours per day in the Participant's household, and has gross income of less than the exemption amount under Code section 151(d), if required by law; or
- a Spouse of the Participant who is physically or mentally incapable of caring for herself or himself, lives with the Participant for more than half the calendar year, and regularly spends at least 8 hours per day in the Participant's household.

Employee

Any person who is a common law employee of the Employer. You are not considered an eligible Employee under the Plan if the Employer classifies you as a leased employee, independent contractor, or temporary employee.

Employer

JOSHUA BASIN WATER DISTRICT

(the "Company"), or as the context requires, any entity affiliated with the Company under the rules

of Section 414 of the Code that adopts the Plan for the benefit of its employees.

Enrollment Agreement

Flexible Spending Account enrollment option to elect benefits under the Plan and specify salary reduction amounts through the enrollment form or the participant website at www.paychex.com/login.

Enrollment Form

Flexible Spending Account or Health Savings Account enrollment form that the Employer provides to Eligible Employees or HSA-Eligible Individuals (as applicable) to elect FSA or HSA benefits and specify salary reduction amounts.

ERISA

The Employee Retirement Income Security Act of 1974, as amended.

FMLA Leave

Leave under the Family and Medical Leave Act of 1993.

Forfeitures

Any unused balance that remains in your Medical FSA, Limited Purpose Medical FSA or DCA FSA Account after the close of the plan year after all reimbursements are made to you. The balance remains the property of the Plan, and you forfeit all rights with respect to the balance.

Grace Period

The FSA Grace Period is an extended period of coverage at the end of every plan year that allows you extra time to incur expenses to use your remaining Flexible Spending Account balance after the close of the plan following year).

High Deductible Health Plan

A health plan that is intended to qualify as a high-deductible health plan under Code section 223(c)(2), as described in materials provided separately by the Employer or another third party.

HSA-Eligible Individual

An HSA-eligible individual is an individual who is eligible to contribute to an HSA under Code section 223 and who has elected qualifying High Deductible Health Plan coverage and who has not elected any disqualifying non-High Deductible Health Plan coverage.

Participant

An individual who has satisfied the Plan's eligibility requirements and has elected to participate in the Plan.

Plan

JOSHUA BASIN WATER DISTRICT Section 125 Plan

Plan Administrator

The Employer or person or entity that the Employer designates to perform specific administrative duties under the Plan.

Plan Document

The written document detailing the provisions of the Plan.

Plan Year

The twelve-month period selected by the Employer to be the Plan Year.

Recordkeeper

The person or entity to which the Employer delegates purely administrative functions otherwise exercisable by the Employer as Plan Sponsor.

Spouse

An individual who is legally married to a Participant as determined under applicable state law, and who is treated as a Spouse under the Code. However, for purposes of the Dependent Care FSA, the term "Spouse" does not include:

- an individual legally separated from the Participant under a divorce or separate maintenance decree; or
- an individual who, although married to the Participant, files a separate federal income tax return, maintains a principal residence separate from the Participant during the last six months of the taxable year, and does not furnish more than half the cost of maintaining the principal place of abode of the Participant.

Summary Plan Description

Summary of the Plan Document.