

Tulare Local Healthcare District
Board of Directors Special Meeting Agenda
Wednesday, January 31, 2018
Board Convenes at 6:30 pm
Evolutions 1425 E Prosperity,
Tulare, CA 93274

- Call to Order

- Citizen Requests/Public Comments

- Recommendation to authorize Assembly Member Devin Mathis and State Senator Jean Fuller to represent the District before government agencies on behalf of the District

- Consideration of Agreements
 - Payroll Processing and Tax Reporting - ADP Services
 - Workers Comp & Employers Liability Insurance Coverage – BETA Risk Management Authority
 - Revolving Line of Credit Facility with CNH Finance Fund I LP (Accounts Receivable based Financing)

- Suspend open session – recess to closed session

- Conference with Interim Legal Counsel – Existing litigation (Government Code 54956.9)
 - *In re Tulare Local Healthcare District dba Tulare Regional Medical Center, United States Bankruptcy Court Eastern District of California Case No. 17-13797*
 - *TRMC Medical Staff v. Tulare Local Healthcare District, HCCA et al; Tulare Case No. 264227*
 - *HCCA v. Tulare Local Healthcare District, and Counterclaim, United States Bankruptcy Court Eastern District of California Adv. Proc. No. 17- 01095-B*

- Adjourn closed session, reconvene open session – Public report of action taken in closed session (if necessary) pursuant to Government Code 54957.1

- Adjournment

- *Next regular meeting scheduled for 6:30 pm on Wednesday, February 28, 2018 at the Tulare City Council Chambers.*

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: January 31, 2018

Title to Appear on Agenda: Payroll Processing and Tax Reporting - ADP Services

Brief Description: TRMC has determined that the best way to provide payroll processing and tax reporting is via the use of an outside vendor.

Background and Details: ADP is a major provider of such services, and has submitted a proposal accordingly.

The estimated annual cost to the Hospital is projected on a fully ramped up staffing service with an estimated 363 employees with estimated annual salary expense of \$22,000,000. (Most costs are pro-rated based on the number of employees on any given payroll)

Cost for all services are based on a combination of set up fees, fixed fees and "per employee, per pay period" basis. The total cost estimate is \$37,325 per year, and after a two month discount the annual cost is projected at \$31,104.

The Term of the Agreement is open ended, subject to a 90 day no-fault termination option available to both parties.

Exhibits: See Attached documents

Recommended Action: That the Board authorize the ADP Payroll and Tax Reporting services as outlined.

Investment Summary

Quote Number
02-2018-9120.1

Company Information

Tulare Local Health Care District
869 N Cherry St
Tulare, CA 93274
United States

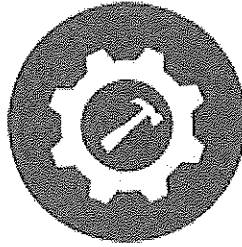
Executive Contact

Tammy Kegler
HR
tkegler@tulareregional.org
(559) 685-3455



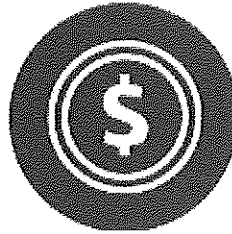
51

Total
Employees



\$1,633.00

Implementation
Costs



\$5,770.77

Total Annual
Investment



(\$833.28)

Total Annual Savings during
promotional period; See
Terms

Expiration

2/5/2018

ADP Sales Associate

Landon Hersch
MAS MM DM
landon.hersch@adp.com
925.251.5434

Sales Order

Quote Number
02-2018-9120.1



A more human resource.

Company Information


Tulare Local Health Care District
869 N Cherry St
Tulare, CA 93274
United States


Executive Contact


Tammy Kegler
HR
tkegler@tulareregional.org
(559) 685-3455


Processing Fees and Considerations

Number of Employees: 51 on Tulare Local Health Care District

	Per Processing	Count	Min	Base	Rate	Bi-Weekly	Annual
	Workforce Now Payroll Solutions (16.0% Discount)	51	-	\$95.00	\$3.00	\$248.00	\$6,448.00
	<ul style="list-style-type: none"> Enhanced Payroll Employment and Income Verification Employment Verification 						
	Additional Jurisdiction (if applicable)	2+			\$8.95/month		

	Annual Processing	Count	Min	Base	Rate	Annual
	Year End Forms, W2s or 1099s	51	-	-	\$6.95	\$354.45

	Total Annual Investment	Total Annual
	Workforce Now Services	\$6,802.45
	Annualized Discount Value	(\$1,031.68)
	Estimated Total Net Annual Investment	\$5,770.77

	Other Considerations	Setup
	Implementation	
	<ul style="list-style-type: none"> Implementation for Workforce Now Payroll Solutions 	\$1,633.00

	Total Other Considerations	Total Setup
	Implementation and Setup	\$2,300.00
	Implementation Discount Value	(\$667.00)
	Estimated Total Net Implementation	\$1,633.00

Sales Order

Quote Number
02-2018-9120.1



A more human resource.

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Important Project and Billing Information

Product

Billing for Payroll Processing Services, HCM and any module bundled into the single per employee per processing fee for payroll, is billed immediately following the client's first payroll processing. The billing count is based on the number of pays submitted during each processing period, therefore total billing may fluctuate.

Promotion

Promotion is spread over the first five (5) years of services (also referred to as the Promotional Period) applying to months 7 & 8 each year from each product/controls start date. Actual promotional value may vary based on a number of reasons, including but not limited to: start date, number of processings during the promotional month(s) and actual number of employees paid during the promotional months.

Other

Start Date: Payroll:4/2/2018

ADP's Fees for Service will be debited directly out of client's bank account of their choosing seven (7) days from invoice date.

Expiration Date: 2/5/2018

Summary			
Estimated Annual Net investment:	<u>\$5,770.77</u>	Total Net Implementation:	<u>\$1,633.00</u>
Estimated Annual Net Investment during promotional period:	<u>\$4,937.49</u>		

The ADP Services Listed on this Sales Order are provided at the prices set forth herein and in accordance with the ADP Master Services Agreement (or other similar agreement governing ADP's services), which shall include any appendix, exhibit, addendum, schedule or other similar document attached thereto or accompanying this Sales Order. By signing below you are acknowledging and agreeing to such terms and conditions and to the listed prices.

ADP, LLC

Client: Tulare Local Health Care District

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

Financial
Review

Sales Order
Quote Number
02-2018-9120.1



A more human resource.

Company Information

Tulare Local Health Care District
869 N Cherry St
Tulare, CA 93274
United States

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Workforce Now Included Services

Enhanced Payroll

- Tax Filing Service
- Payment Services
- Reports Library and Custom Report Writer
- Wage Garnishment Processing
- New Hire Reporting
- General Ledger Solution
- One Delivery Location

- Employee and Manager Self Service
- Paid Time Off Accruals
- ADP Portal with Customized Content
- Access to Mobile Apps
- Employee Discount Program
- Group Term Life Auto Calculation
- Online Reports and Pay Statements

Employment Verification

- Commercial Employment and Income Verifications
- Social Services Verifications
- Workers Compensation Verifications

- Client access to Electronic Reports and Tools
- Immigration Verifications

Thank you for your consideration

ADP, LLC: (referred to herein as "ADP")

One ADP Boulevard
Roseland, New Jersey 07068
United States

Client: (referred to herein as "Client")

Tulare Local Health Care District
869 N Cherry St
Tulare, CA 93274, United States

01-29-2018
(Effective Date)

Attention
Tammy Kegler

ADP and Client agree that ADP shall provide Client with the following services in accordance with the terms and subject to the conditions set forth in this Major Accounts Services Master Services Agreement (the "Agreement")

ANNEX A:	GENERAL TERMS AND CONDITIONS
ANNEX B:	PAYROLL PROCESSING & TAX FILING; EMPLOYMENT VERIFICATION SERVICES

BY SIGNING BELOW, CLIENT ACKNOWLEDGES THAT THEY HAVE REVIEWED THE ENTIRE AGREEMENT INCLUDING THE TERMS AND CONDITIONS IN EACH ANNEX CORRESPONDING TO SERVICES PURCHASED PURSUANT TO THE SALES ORDER.

This Agreement includes the Annexes related to the services selected by Client. Each Annex listed above is attached hereto and is incorporated into this Agreement in full by this reference as if set forth in this Agreement in full.

ADP, LLC		CLIENT	
_____ (Signature of Authorized Representative)		_____ (Signature of Authorized Representative)	
_____ (Name - Please Print)		_____ (Name - Please Print)	
_____ (Title)	_____ (Date)	_____ (Title)	_____ (Date)

1 Definitions.

- 1.1 "ADP" has the meaning set forth on the cover page.
- 1.2 "ADP Application Programs" means the computer software programs and related Documentation, including any updates, modifications or enhancements thereto, that are either delivered or made accessible to Client through a hosted environment by ADP in connection with the Services.
- 1.3 "ADP Workforce Now" means ADP's web-based portal which provides a single point of access to ADP online solutions and employee-facing websites and resources related to payroll, HR, benefits, talent, and time and attendance. A general description of the Services can be found at www.productdescription.majoraccounts.adp.com (which may be modified from time to time provided, however, that any such modifications will not have a material adverse impact on any of the Services Client is receiving).
- 1.4 "Agreement" means this Major Accounts Services- Master Services Agreement, consisting of the signature pages, the General Terms and Conditions, all exhibits, annexes, addendum, appendices and schedules, and each Amendment, if any.
- 1.5 "Affiliate" means any individual, corporation or partnership or any other entity or organization (a "person") that controls, is controlled by or is under common control with Client. For purposes of the preceding definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities or by contract or otherwise.
- 1.6 "API" means ADP approved application programming interface(s) that support point to point interaction of different systems.
- 1.7 "Approved Country" means each country in which, subject to the terms of this Agreement, Client is authorized to use or receive the Services. The Approved Country for the Services is the United States.
- 1.8 "Access Country" means each country in which, subject to the terms of this Agreement, Client is authorized to use or access the HR and/or Talent modules of ADP Workforce Now (but specifically excluding document cloud services and any other modules/tools that ADP, in its sole discretion, determines shall not be accessible to Client employees located outside the United States) and as approved by ADP. A list of Access Countries for the applicable Services is found at www.productdescription.majoraccounts.adp.com.
- 1.9 "Business Day" means any day, except a Saturday, Sunday or a day on which ADP's bank is not open for business in the applicable jurisdiction where services are provided by ADP.
- 1.10 "Client" has the meaning set forth on the cover page.
- 1.11 "Client Content" means all information and materials provided by Client, its agents or employees, regardless of form, to ADP under this Agreement.
- 1.12 "Client Group" means Client and Client's Affiliates means Client and Client's Affiliates who are receiving Services under this Agreement pursuant to a Sales Order.
- 1.13 "Client Infringement Event" means (i) any change, or enhancement in the Services made by Client or any third party on behalf of Client other than at the direction of, or as approved by, ADP, (ii) Client's use of the Services except as contemplated by this Agreement, or (iii) to the extent ADP Application Programs include computer software programs, Client's use of other than the most current release or version of such computer software programs included in the ADP Application Programs, or Client's failure to use corrections or enhancements to such computer software programs included in the ADP Application Programs, in each case provided by ADP to Client at no charge, that results in a claim or action for infringement that could have been avoided by use of such current release or version, or by such corrections or enhancements.
- 1.14 "Confidential Information" means all information of a confidential or proprietary nature, including pricing and pricing related information and all Personal Information, provided by the disclosing party to the receiving party under this Agreement but does not include (i) information that is already known by the receiving party, (ii) information that becomes generally available to the public other than as a result of disclosure by the receiving party in violation of this Agreement, and (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis.
- 1.15 "Documentation" means all manuals, tutorials and related materials that may be provided or made available to Client by ADP in connection with the Services.
- 1.16 "General Terms and Conditions" means the terms and conditions contained in this Annex A.
- 1.17 "Gross Negligence" has the meaning set forth in Section 7.3.1.
- 1.18 "Improvements" has the meaning set forth in Section 5.4
- 1.19 "Incident" means a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client's Personal Information.
- 1.20 "Indemnitees" has the meaning set forth in Section 6.3
- 1.21 "Indemnitor" has the meaning set forth in Section 6.3.
- 1.22 "Intellectual Property Rights" means all rights, title and interest to or in patent, copyright, trademark, service mark, trade secret, business or trade name, know-how and rights of a similar or corresponding character.
- 1.23 "Internal Business Purposes" means the usage of the Services solely by the Client Group for its own internal business purposes, without the right to provide service bureau or other data processing services, or otherwise share or distribute the Services, to any party outside the Client Group, unless expressly contemplated by this Agreement.
- 1.24 "NACHA" means the National Automated Clearing House Association.
- 1.25 "OFAC" means the Office of Foreign Assets Control.
- 1.26 "Payee" means any intended recipient of payments under the Payment Services and may include Client's employees, taxing authorities, governmental agencies, suppliers, benefit carriers and/or other third parties; provided that in the case of ADP Wage Payment Services, Payee shall be limited to Client's employees and independent contractors.
- 1.27 "Payment Services" means any Services that involve electronic or check payments being made by ADP to third parties on Client's behalf and at its direction.

- 1.28 **"Personal Information"** means information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to such person's physical, physiological, mental, economic, cultural or social identity.
- 1.29 **"Price Agreement"** means a supplemental agreement between the parties that addresses future price increase rates on certain Services over a specific period of time.
- 1.30 **"Sales Order(s)"** means the document(s) between the parties that lists the specific Services purchased by Client Group from ADP.
- 1.31 **"Services"** means the services (including implementation services related thereto) listed in any Sales Order, and such other services as the parties may agree to be performed from time to time.
- 1.32 **"SOC 1"** means any routine Service Organization Control 1 reports.
- 1.33 **"Termination Event"** means with respect to any party, the occurrence of any of the following: (i) under the applicable bankruptcy laws or similar law regarding insolvency or relief for debtors, (A) a trustee, receiver, custodian or similar officer is appointed over a party's business or property, (B) a party seeks to liquidate, wind-up, dissolve, reorganize or otherwise obtain relief from its creditors, or (C) an involuntary proceeding is commenced against a party and the proceeding is not stayed, discharged or dismissed within thirty (30) days of its commencement, or (ii) a party's Standard and Poor's issuer credit rating falls to or below BB.
- 1.34 **"User"** means any single natural person who, subject to the terms of this Agreement, is authorized by Client to use, access or receive the Services.

2 Provision and Use of Services

- 2.1 **Provision of Services.** ADP, or one of its Affiliates, will provide the Services to Client in accordance with the terms of this Agreement and any applicable Sales Order(s). ADP will provide the Services in a good, diligent and professional manner in accordance with industry standards, utilizing personnel with a level of skill commensurate with the Services to be performed. ADP's performance of the Services (including any applicable implementation activities) is dependent upon the timely completion of Client's responsibilities and obligations under this Agreement. Without limitation of the foregoing, Client will timely provide the Client Content necessary for ADP to provide the Services.
- 2.2 **Cooperation.** ADP and Client will work together to implement the Services. Client will cooperate with ADP and execute and deliver all documents, forms, or instruments necessary for ADP to implement and render the Services. Client will provide ADP with all reasonable and necessary Client Content in the format requested by ADP, and will otherwise provide all reasonable assistance required of Client in order for ADP to implement the Services.
- 2.3 **Use of Services.** Client will use the Services in accordance with the terms of this Agreement and solely for its own Internal Business Purposes in the Approved Country and the Access Countries. Client will be responsible for the use of the Services by the Client Group and the Users in accordance with the terms of this Agreement. Client is responsible for the accuracy and completeness of the Client Content provided to ADP.
- 2.4 **Errors.** Client will promptly review all documents and reports produced by ADP and provided or made available to Client in connection with the Services and promptly notify ADP of any error, omission, or discrepancy with Client's records. ADP will promptly correct such error, omission or discrepancy and, if such error, omission or discrepancy was caused by ADP, then such correction will be done at no additional charge to Client.
- 2.5 **Records.** Without prejudice to ADP's obligation to retain the data necessary for the provision of the Services, ADP does not serve as Client's record keeper and Client will be responsible for retaining copies of all documentation received from and Client Content provided to ADP in connection with the Services to the extent required by Client.

3 Compliance.

- 3.1 **Applicable Laws.** Each party will comply with applicable laws and regulations that affect its business generally, including any applicable anti-bribery, export control and data protection laws
- 3.2 **Design of the Services.** ADP will design the Services, including the functions and processes applicable to the performance of the Services, to assist the Client in complying with its legal and regulatory requirements applicable to the Services, and ADP will be responsible for the accuracy of such design. Client and not ADP will be responsible for (i) how it uses the Services to comply with its legal and regulatory requirements and (ii) the consequences of any instructions that it gives or fails to give to ADP, including as part of the implementation of the Services, provided ADP follows such instructions. Services do not include any legal, financial, regulatory, benefits, accounting or tax advice.
- 3.3 **Online Statements.** If Client instructs ADP to provide online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, without physical copies thereof, Client will be exclusively responsible for determining if and to what extent Client's use of online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, satisfies Client's obligations under applicable laws and the consequences resulting from such determinations.
- 3.4 **Data Protection Laws.** Client represents that Personal Information transferred by Client or at Client's direction to ADP has been collected in accordance with applicable privacy laws, and ADP agrees that it shall only process the Personal Information as needed to perform the Services, or as required or permitted by law.

4 Confidentiality

- 4.1 General.** All Confidential Information disclosed under this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose to any third party the Confidential Information of the disclosing party and will use at least the same degree of care, discretion and diligence in protecting the Confidential Information of the disclosing party as it uses with respect to its own confidential information. The receiving party will limit access to Confidential Information to its employees with a need to know the Confidential Information and will instruct those employees to keep such information confidential. ADP may disclose Client's Confidential Information on a need to know basis to (i) ADP's subcontractors who are performing the Services, provided that ADP shall remain liable for any unauthorized disclosure of Client's Confidential Information by those subcontractors, (ii) employees of ADP's Affiliates, provided such employees are instructed to keep the information confidential as set forth in this Agreement and (iii) social security agencies, tax authorities and similar third parties, to the extent strictly necessary to perform the Services. ADP may use Client's and its employees' and other Services recipients' information in an aggregated, anonymized form, such that neither Client nor such person may be identified, and Client will have no ownership interest in such aggregated, anonymized data. Client authorizes ADP to release employee-related data, and such other data as required to perform the Services, to third party vendors of Client as designated by Client from time to time. Notwithstanding the foregoing, the receiving party may disclose Confidential Information (x) to the extent necessary to comply with any law, rule, regulation or ruling applicable to it, (y) as appropriate to respond to any summons or subpoena or in connection with any litigation and (z) to the extent necessary to enforce its rights under this Agreement.
- 4.2 Return or Destruction.** Upon the request of the disclosing party or upon the expiration or earlier termination of this Agreement, and to the extent feasible, the receiving party will return or destroy all Confidential Information of the disclosing party in the possession of the receiving party, provided that each party may maintain a copy if required to meet its legal or regulatory obligations and may maintain archival copies stored in accordance with regular computer back-up operations. To the extent that any portion of Confidential Information of a disclosing party remains in the possession of the receiving party, such Confidential Information shall remain subject to the generally applicable statutory requirements and the confidentiality protections contained in Section 4.1.
- 4.3 Transfer.** The Services may be performed by ADP Affiliates or subcontractors located in other countries, and ADP may transfer or permit access to Client's Confidential Information, including employees' Personal Information, for the purposes of performing the Services outside of Canada and the United States of America. As a result, Client's employees' Personal Information may be subject to the laws of such jurisdictions and may be accessible to the courts and law enforcement authorities of those jurisdictions. Notwithstanding the foregoing, ADP will remain responsible for any unauthorized disclosure or access of Client's employees' Personal Information by any ADP Affiliate or subcontractor in the performance of any such Services.

5 INTELLECTUAL PROPERTY

- 5.1 Client IP Rights.** Except for the rights expressly granted to ADP in this Agreement, all rights, title and interests in and to Client Content, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by Client or its licensors. Client hereby grants to ADP for the term of this Agreement a non-exclusive, worldwide, non-transferable, royalty-free license to use, edit, modify, adapt, translate, exhibit, publish, reproduce, copy and display the Client Content for the sole purpose of performing the Services; provided Client has the right to pre-approve the use by ADP of any Client trademarks or service marks.
- 5.2 ADP IP Rights.** Except for the rights expressly granted to Client in this Agreement, all rights, title and interest in and to the Services, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by ADP or its licensors. ADP grants to Client for the term of this Agreement a personal, non-exclusive, non-transferable, royalty-free license to use and access the ADP Application Programs solely for the Internal Business Purposes in the Approved Countries and the Access Countries. The ADP Application Programs do not include any Client-specific customizations unless otherwise agreed in writing by the parties. Client will not obscure, alter or remove any copyright, trademark, service mark or proprietary rights notices on any materials provided by ADP in connection with the Services, and will not copy, decompile, recompile, disassemble, reverse engineer, or make or distribute any other form of, or any derivative work from, such ADP materials.
- 5.3 Ownership of Reports.** Client will retain ownership of the content of reports and other materials that include Client Content produced and delivered by ADP as a part of the Services, provided that ADP will be the owner of the format of such reports. To the extent any such reports or other materials incorporate any ADP proprietary information, ADP (i) retains sole ownership of such proprietary information and (ii) provides the Client a fully paid up, irrevocable, perpetual, royalty-free license to access and use same for its Internal Business Purposes without the right to create derivative works (other than derivative works to be used solely for its Internal Business Purposes) or to further distribute any of the foregoing rights outside the Client Group.
- 5.4 Improvements.** ADP will make available to Client, at no additional cost, software improvements, enhancements, or updates to any ADP Application Programs that are included in the Services (collectively "Improvements") if and as they are made generally available by ADP at no additional cost to ADP's other clients using the same ADP Application Programs as Client and receiving the same Services as Client. All Improvements provided under this Section 5.4 shall be considered part of the ADP Application Programs

6 Indemnities

- 6.1 ADP Indemnity.** Subject to the remainder of this Section 6.1, and Section 6.3 and 7, ADP shall defend Client in any suit or cause of action, and indemnify and hold Client harmless against any damages payable to any third party in any such suit or cause of action, alleging that the Services or ADP Application Programs, as provided by ADP and used in accordance with the terms of this Agreement, infringe upon any Intellectual Property Rights of a third party in an Approved Country. The foregoing infringement indemnity will not apply and ADP will not be liable for any damages assessed in any cause of action to the extent resulting from a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement. If any Service is held or believed to infringe on any third-party's Intellectual Property Rights, ADP may, in its sole discretion, (i) modify the Service to be non-infringing, (ii) obtain a license to continue using such Service, or (iii) if neither (i) nor (ii) are practical, terminate this Agreement as to the infringing Service.
- 6.2 Client Indemnity.** Subject to Sections 6.3 and 7, Client will defend ADP against any third party claims and will indemnify and hold ADP harmless from any resulting damage awards or settlement amounts in any cause of action to the extent such cause of action is based on the occurrence of a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement.
- 6.3 Indemnity Conditions.** The indemnities set forth in this Agreement are conditioned on the following: (i) the party claiming indemnification (the "Indemnitee") shall promptly notify the indemnifying party (the "Indemnitor") of any matters in respect of which it seeks to be indemnified, and shall give the Indemnitor full cooperation and opportunity to control the response thereto and the defense thereof, including without limitation any settlement thereof, (ii) the Indemnitor shall have no obligation for any claim under this Agreement if the Indemnitee makes any admission, settlement or other communication regarding such claim without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, and (iii) the Indemnitee's failure to promptly give notice to the Indemnitor shall affect the Indemnitor's obligation to indemnify the Indemnitee only to the extent the Indemnitor's rights are materially prejudiced by such failure. The Indemnitee may participate, at its own expense, in such defense and in any settlement discussions directly or through counsel of its choice.

7 Limit on Liability

- 7.1 Ordinary Cap.** Notwithstanding anything to the contrary in this Agreement and subject to the remainder of this Section 7, neither party's aggregate limit on monetary damages in any calendar year shall exceed an amount equal to six (6) times the average ongoing monthly Services fees paid or payable to ADP by Client during such calendar year (the "Ordinary Cap"). ADP will issue Client a credit(s) equal to the applicable amount and any such credit(s) will be applied against subsequent fees owed by Client.
- 7.2 Extraordinary Cap.** As an exception to Section 7.1, if damages (monetary or otherwise) arise from a breach of Section 4.1 (Confidentiality) or Section 9.3 (Data Security), the Ordinary Cap will be increased by an additional six (6) times the average ongoing monthly Service fees paid or payable to ADP by Client during such calendar year (the "Extraordinary Cap"). For the avoidance of doubt, in no case shall either party's aggregate limit on monetary damages in any calendar year under this Agreement exceed twelve (12) times the average monthly ongoing Service fees paid or payable to ADP by Client during such calendar year.
- 7.3 Matters not Subject to Either Cap.** The limitations of liability set forth in Sections 7.1 and 7.2 shall not apply to:
- 7.3.1** Either party's Gross Negligence, or willful, criminal or fraudulent misconduct; for the purposes of this Agreement, "Gross Negligence" shall be defined as: (1) willful, wanton, careless or reckless conduct, misconduct, failures, omissions, or disregard of the duty of care towards others of a risk known or so obvious that the actor must be taken to have been aware of it, and with an intent to injure or so great as to make it highly probable that harm would follow and/or (2) failure to use even the slightest amount of care, or conduct so reckless, as to demonstrate a substantial lack of concern for the safety of others. For the avoidance of doubt, Gross Negligence must be more than any mere mistake resulting from inexperience, excitement, or confusion, and more than mere thoughtlessness or inadvertence or simple inattention;
- 7.3.2** The infringement indemnity set forth in Sections 6.1 and 6.2;
- 7.3.3** Client's obligations to pay the fees for Services;
- 7.3.4** ADP's obligations to provide credit monitoring and notifications as set forth in Section 10.2;
- 7.3.5** Client's funding obligations in connection with the Payment Services;
- 7.3.6** ADP's loss or misdirection of Client funds in possession or control of ADP due to ADP's error or omission;
- 7.3.7** In connection with the Employment Tax Services as provided in Annex B, (a) interest charges imposed by an applicable tax authority on Client for the failure by ADP to pay funds to the extent and for the period that such funds were held by ADP and (b) all tax penalties resulting from ADP's error or omission in the performance of such Service. The provisions of this (iv) shall only apply if (x) Client permits ADP to act on Client's behalf in any communications and negotiations with the applicable taxing authority that is seeking to impose any such penalties or interest and (y) Client assists ADP as reasonably required by ADP.
- 7.3.8** Client's use or access of the Services and/or ADP Application Programs outside of the Approved Countries and/or Access Countries.
- 7.4 Mitigation of Damages.** ADP and Client will each use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or relating to the Services.
- 7.5 No Consequential Damages.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT AND ONLY TO THE EXTENT PERMITTED BY APPLICABLE LAW, NONE OF ADP, CLIENT OR ANY BANK WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING DAMAGES FOR LOSS OF BUSINESS OR PROFITS, BUSINESS INTERRUPTIONS OR HARM TO REPUTATION) THAT ANY OTHER PARTY OR ITS RESPECTIVE AFFILIATES MAY INCUR OR EXPERIENCE IN

CONNECTION WITH THIS AGREEMENT OR THE SERVICES, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing exclusion shall not apply to claims for consequential damages arising from ADP's or Client's (i) willful, criminal or fraudulent misconduct, or (ii) breach or breaches of Section 4.1 or Section 9.3 under this Agreement; provided however, that any consequential damages recovered by Client or ADP in a calendar year for claims pursuant to Section 7.5(ii) will be subject to the Extraordinary Cap set forth in Section 7.2 above.

8 WARRANTIES AND DISCLAIMER

- 8.1 Warranties.** Each party warrants that (i) it has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and (ii) this Agreement has been duly and validly executed and delivered and constitutes the valid and binding agreement of the parties, enforceable in accordance with its terms.
- 8.2 DISCLAIMER.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL SERVICES, ADP APPLICATION PROGRAMS AND EQUIPMENT PROVIDED BY ADP OR ITS SUPPLIERS ARE PROVIDED "AS IS" AND ADP AND ITS LICENSORS AND SUPPLIERS EXPRESSLY DISCLAIM ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, COMPLETENESS, CURRENTNESS, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS, VIRUSES OR ANY OTHER MALICIOUS CODE, WITH RESPECT TO THE SERVICES, THE ADP APPLICATION PROGRAMS, ANY CUSTOM PROGRAMS CREATED BY ADP OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP AND RESULTS OBTAINED THROUGH THE USE THEREOF.

9 SECURITY AND CONTROLS

- 9.1 Service Organization Control Reports.** Following completion of implementation of any applicable Services, ADP will, at Client's request and at no charge, provide Client with copies of any routine Service Organization Control 1 reports ("SOC 1 Reports") (or any successor reports thereto) directly related to the core ADP Products utilized to provide the Services provided hereunder for Client and already released to ADP by the public accounting firm producing the report. SOC 1 Reports are ADP Confidential Information and Client will not distribute or allow any third party (other than its independent auditors) to use any such report without the prior written consent of ADP. Client will instruct its independent auditors or other approved third parties to keep such report confidential and Client will remain liable for any unauthorized disclosure of such report by its independent auditors or other approved third parties.
- 9.2 Business Continuity; Disaster Recovery.** ADP has established and will maintain a commercially reasonable business continuity and disaster recovery plan and will follow such plan.
- 9.3 Data Security.** ADP has established and will maintain an information security program containing appropriate administrative, technical and physical measures to protect Client data (including any Personal Information therein) against accidental or unlawful destruction, alteration, unauthorized disclosure or access consistent with applicable laws. In the event ADP suspects any unauthorized access to, or use of, the Services, ADP may suspend access to the Services to the extent ADP deems necessary to preserve the security of the Client's data.

10 DATA SECURITY INCIDENT

- 10.1 Notification.** If ADP becomes aware of a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client's Personal Information (an "Incident"), ADP will take appropriate actions to contain, investigate and mitigate the Incident. ADP shall notify Client of an Incident as soon as reasonably possible.
- 10.2 Other ADP Obligations.** In the event that an Incident is the result of the failure of ADP to comply with the terms of this Agreement, ADP shall, to the extent legally required or otherwise necessary to notify the individuals of potential harm, bear the actual, reasonable costs of notifying affected individuals. ADP and Client shall mutually agree on the content and timing of any such notifications, in good faith and as needed to meet applicable legal requirements. In addition, where notifications are required and where such monitoring is practicable and customary, ADP shall also bear the cost of one year of credit monitoring to affected individuals in applicable jurisdictions.

11 PAYMENT TERMS

- 11.1 Fees and Fee Adjustments.** Client will pay to ADP the fees and other charges for the Services as set forth in the Sales Order. Unless there is a Price Agreement in effect, the fees set forth in the Sales Order will remain fixed during the first six (6) months following the Effective Date and thereafter, ADP may modify the fees on an annual basis upon thirty (30) days' prior written notice to Client. The fees presented in the Sales Order were calculated based upon particular assumptions relative to Client requirements (including funding requirements), specifications, volumes and quantities as reflected in the applicable Sales Order and related documentation, and if Client's actual requirements vary from what is stated, ADP may adjust the fees based on such changes. The fees do not include any customizations to any Service.

- 11.2 Additional Services and Charges.** If Client requests additional services offered by ADP not included in this Agreement, and ADP agrees to provide such services: (i) those services and related fees will be included in a separate Sales Order; (ii) any Services provided to Client but not included in a Sales Order will be provided subject to the terms of this Agreement and charged at the applicable rates as they occur; and (iii) those services will be considered to be "Services" for purposes of this Agreement. Additional charges may be assessed Client in relation to the performance of the Services in certain circumstances, including without limitation, late funding, an insufficient funds notification and emergency payment requests from Client.
- 11.3 Fees for Implementation Services.** Implementation fees are due and payable by Client upon the go-live date for such Services. However, if this Agreement or any Service are terminated after implementation services have started but before the go-live date, the greater of the following amounts shall be immediately due and payable by Client: (i) implementation fees for implementation services performed up to the date of termination; or (ii) 30% of the total Implementation Fees set out in the Sales Order.
- 11.4 Invoicing.** ADP will notify Client of all applicable Services fees payable by Client by way of invoice or other method (i.e. ADP's on-line reporting tool). Client will pay the amount on each invoice or such other similar document in full within seven (7) days of notification via the agreed to method of payment. All amounts not paid when due are subject to a late payment charge of one and one-half percent (1½%) per month (not to exceed the maximum allowed by applicable law) of the past due amount from the due date until the date paid.
- 11.5 Currency.** Client shall pay the fees in US dollars.
- 11.6 Taxes.** Unless Client provides ADP a valid tax exemption or direct pay certificate, Client will pay directly, or will pay to ADP, an amount equal to all applicable taxes or similar fees levied or based on the Agreement or the Services, exclusive of taxes based on ADP's net income.
- 11.7 Postage, Shipping Travel and out-of-pocket expenses.** ADP will invoice Client for postage charges, delivery charges, other third party charges, and reasonable travel and out-of-pocket expenses as necessary to provide the Services.
- 11.8 Funding Requirements and Disbursement Disclosures.** With respect to Payment Services to be deducted by ACH or Pre-Authorized Debit, Client must have sufficient good funds for payment of the payroll obligations, tax filing obligations, wage garnishment deduction obligations, service fees (as applicable), expenses, and any other applicable charges, to be direct debited from Client's designated account no later than one (1) banking days prior to the pay date for the applicable payroll (in the case of payroll processing services), or as otherwise agreed by the parties. For reverse wire clients, funds must be available (a) one (1) banking day prior to the pay date for the applicable payroll (in the case of the ADP Employment Tax Services) and (b) two (2) banking days prior to the pay date for all other Payment Services, or as otherwise agreed by the parties. In consideration for the additional costs incurred by ADP in providing wire transfer service, Client agrees to pay a reasonable fee (currently \$10.00) for each wire transfer. Notwithstanding the foregoing, ADP reserves the right to modify the aforementioned deadlines at any time and will communicate any such modifications to Client.
- 11.9 Change Control.** In the event either party requests a change in the scope of Services (including implementation services) (each a "Change Control Item"), the parties shall address such change request via ADP's change control process. Change Control Items and the cost associated with such changes (if any) to the Services shall be mutually agreed to by the parties, with the exceptions of Change Control Items that are required to be made by law or regulation applicable to the Services or to the duration of implementation services, which ADP will notify Client of prior to making the change. The current standard hourly rate for a Change Control Item \$150.00 per hour; provided, however, that such rate may be increased by ADP if such Change Control Item (i) entails significant modification of available resources, (ii) impacts existing change control efforts for other ADP clients, or (iii) occurs during high-volume periods. ADP may modify the standard hourly rate for a Change Control Item from time to time.
- 12 Term; Termination; Suspension**
- 12.1 Term; Termination for Convenience** This Agreement will commence on the Effective Date and remain in effect until terminated by either party in accordance with the terms hereof. Subject to the terms of any Price Agreement, either party may terminate this Agreement or any Service upon ninety (90) days' prior written notice to the other party. In the event Client does not provide ADP with the proper notice as set forth in the previous sentence (or as set forth in any Annex herein), Client shall pay ADP for any fees for Services that would have been incurred by Client during such notice period (calculated based on an average of the prior six months of invoices for such terminated Services, or shorter period of time if there has been less than six months of invoices).
- 12.2 Termination for Cause.** Either party may terminate this Agreement for the other's material breach of this Agreement if such breach is not cured within sixty (60) days following notice thereof or in the event either party is the subject of a Termination Event. In addition, ADP may terminate this Agreement in the event Client fails to timely pay fees for Services performed within 10 days following notice that such fees are past due. ADP may also terminate this Agreement or the Services immediately on written notice to Client if the provision of Service to Client causes or will cause any affiliate or subsidiary of ADP to be in violation of any laws, rules or regulations applicable to such affiliate or subsidiary. Notwithstanding anything to the contrary in this Agreement, email will be considered adequate notification for the purposes of this Section 12.
- 12.3 Suspension.** Without limiting the foregoing, the parties agree that Payment Services involve credit risk to ADP. Payment Services may be suspended by ADP (A) immediately if: (i) Client has failed to remit sufficient, good and available funds within the deadline and via the method of delivery agreed upon as it relates to the applicable Payment Services; or (ii) Client breaches any rules promulgated by NACHA as it relates to ADP conducting electronic payment transactions on behalf of Client, and (B) with 24 hour notice if: (i) a bank notifies ADP that it is no longer willing to originate debits from Client's

account(s) or credits for Client's behalf for any reason or (ii) the authorization to debit Client's account is terminated or ADP reasonably believes that there is or has been fraudulent activity on the account. If the Payment Services are terminated or suspended pursuant to Sections 12.2 or 12.3, Client acknowledges that ADP shall be entitled to allocate any funds in ADP's possession that have been previously remitted or otherwise made available by Client to ADP relative to the Payment Services in such priorities as ADP may determine appropriate, including reimbursing ADP for payments made by ADP on Client's behalf to a third party. If the Payment Services are terminated by ADP, Client understands that it will (x) immediately become solely responsible for all of Client's third party payment obligations covered by the Payment Services then or thereafter due (including, without limitation, for ADP Employment Tax Services any and all penalties and interest accruing after the date of such termination, other than penalties and interest for which ADP is responsible under Section 7.3.7), and (y) reimburse ADP for all payments properly made by ADP on behalf of Client to any payee, which have not been paid or reimbursed by Client. If the Payment Services remain suspended for thirty (30) days, the Payment Services will be terminated on the 31st day following suspension.

12.4 Post Termination. At any time prior to the actual termination date, Client may download Client's information or reports available to it in conjunction with all of the Services provided to Client by ADP. Upon termination of this Agreement, Client may order from ADP any data extraction offered by ADP, at the then prevailing hourly time and materials rate.

13 Reserved.

14 Additional Terms. In addition to the terms set forth in any subsequent Annexes attached hereto, the following terms shall apply.

14.1 ESS & MSS Technology. Employee self-service (ESS) and Manager self-service (MSS) functionality provides all Client Users (practitioners, managers and employees) 24x7 online access to ADP Application Programs. The following additional terms apply to the ESS & MSS Technology:

14.1.1 Client acknowledges that Client's employees or participants may input information into the self-service portions of the ADP Application Programs. ADP shall have no responsibility to verify, nor does ADP review the accuracy or completeness of the information provided by Client's employees or participants to ADP using any self-service features. ADP shall be entitled to rely upon such information in the performance of the Services under this Agreement as if such information was provided to ADP by Client directly.

14.2 ADP Marketplace. Enable Client to build applications and/or purchase available applications via online store. Provide access to certain Client data stored in ADP systems via industry-standard Application Programming Interfaces (APIs). The following additional terms apply to the ADP Marketplace (applies only if Client accesses ADP Marketplace Services):

14.2.1 Transmitting Information to Third Parties. In the event that Client elects to use an API to provide any Client Content or employee or plan participant information to any third party, Client represents that it has acquired any consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state, or local laws and/or regulations. ADP shall not be responsible for any services or data provided by any such third party.

14.2.2 Use of the ADP APIs. Client will use the ADP APIs to access Client's information only. Client may not use any robot, spider, or other automated process to scrape, crawl, or index the ADP Marketplace and will integrate Client's application with the ADP Marketplace only through documented APIs expressly made available by ADP. Client also agrees that Client will not (a) use the ADP Marketplace or any ADP API to transmit spam or other unsolicited email; (b) take any action that may impose an unreasonable or disproportionately large load on the ADP infrastructure, as determined by ADP; or (c) use the ADP APIs or the ADP Marketplace in any way that threatens the integrity, performance or reliability of the ADP Marketplace, Services or ADP infrastructure. ADP may limit the number of requests that Client can make to the ADP API gateway to protect ADP's system or to enforce reasonable limits on Client's use of the ADP APIs. Specific throttling limits may be imposed and modified from time to time by ADP.

15 Miscellaneous

15.1 Amendment. This Agreement may not be modified, supplemented or amended, except by a writing signed by the authorized representatives of ADP and Client.

15.2 Assignment. Neither this Agreement, nor any of the rights or obligations under this Agreement, may be assigned by any party without the prior written consent of the other party, such consent not to be unreasonably withheld. However, Client may assign any or all of its rights and obligations to any other Client Group member and ADP may assign any or all of its rights and obligations to any Affiliate of ADP, provided that any such assignment shall not release the assigning party from its obligations under this Agreement. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns.

15.3 Additional Documentation. In order for ADP to perform the Services, it may be necessary for Client to execute and deliver additional documents (including reporting agent authorization, client account agreement, limited powers of attorney, etc.) and Client agrees to execute and deliver such additional documents.

15.4 Subcontracting. Notwithstanding Section 15.2, ADP reserves the right to subcontract any or all of the Services, provided that ADP remains fully responsible under this Agreement for the performance of any such subcontractor. For the avoidance of doubt, third parties used by ADP to provide delivery or courier services, including the postal service in any country or any third party courier service, and banking institutions, are not considered subcontractors of ADP.

15.5 Entire Agreement. This Agreement constitutes the entire agreement and understanding between ADP and Client with respect to its subject matter and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between the parties. No party will be bound by any representation, warranty, covenant, term or condition other than as expressly stated in this Agreement. Except where the parties expressly state otherwise in a relevant exhibit,

annex, appendix or schedule, in case of conflict or inconsistency between this Annex A and any such exhibit, annex, appendix or schedule, this Annex A will prevail and control. Purchase orders or statements of work submitted to ADP by Client will be for Client's internal administrative purposes only and the terms and conditions contained in any purchase order or statements of work will have no force and effect and will not amend or modify this Agreement.

- 15.6 No Third Party Beneficiaries.** Except as expressly provided herein or in an applicable exhibit, annex, appendix or schedule, nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. Client agrees that ADP's obligations in this Agreement are to Client only, and ADP has no obligation to any third party (including, without limitation, Client's personnel, directors, officers, employees, Users and any administrative authorities).
- 15.7 Force Majeure.** Any party to this Agreement will be excused from performance of its obligations under this Agreement, except for Client's obligation to pay the fees to ADP pursuant to Section 11, for any period of time that the party is prevented from performing its obligations under this Agreement due to an act of God, war, earthquake, civil disobedience, court order, labor disputes or disturbances, governmental regulations, communication or utility failures or other cause beyond the party's reasonable control. Such non-performance will not constitute grounds for breach.
- 15.8 Waiver.** The failure by any party to this Agreement to insist upon strict performance of any provision of this Agreement will not constitute a waiver of that provision. The waiver of any provision of this Agreement shall only be effective if made in writing signed by the authorized representatives of ADP and Client and shall not operate or be construed to waive any future omission or breach of, or compliance with, any other provision of this Agreement.
- 15.9 Headings.** The headings used in this Agreement are for reference only and do not define, limit, or otherwise affect the meaning of any provisions hereof.
- 15.10 Severability.** If any provision of this Agreement is finally determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality or enforceability of the remainder of this Agreement will not in any way be affected or impaired and such court shall have the authority to modify such invalid, illegal or unenforceable provision to the extent necessary to render such provision valid, legal or enforceable, preserving the intent of the parties to the furthest extent permissible.
- 15.11 Relationship of the Parties.** The performance by ADP of its duties and obligations under this Agreement will be that of an independent contractor and nothing contained in this Agreement will create, construe or imply an agency, joint venture, partnership or fiduciary relationship of any kind between ADP and Client. None of ADP's employees, agents or subcontractors will be considered employees, agents or subcontractors of Client. Unless expressly stated in this Agreement, none of ADP, its employees, agents or its subcontractors may enter into contracts on behalf of, bind, or otherwise obligate Client in any manner whatsoever.
- 15.12 Governing Law.** This Agreement is governed by the laws of the State of New York without giving effect to its conflict of law provisions.
- 15.13 Jurisdiction.** Any disputes that may arise between ADP and Client regarding the performance or interpretation of this Agreement shall be subject to the exclusive jurisdiction of the state and federal courts of New York, New York. The parties hereby irrevocably consent to the exclusive jurisdiction of the state and federal courts of New York, New York and waive any claim that any proceedings brought in such courts have been brought in an inconvenient forum. **THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RIGHT TO TRIAL BY JURY.**
- 15.14 Counterparts.** This Agreement may be signed in two or more counterparts by original, .pdf (or similar format for scanned copies of documents) or facsimile signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 15.15 Notices.** All notices required to be sent or given under this Agreement will be sent in writing and will be deemed duly given and effective (i) immediately if delivered in person, or (ii) upon confirmation of signature recording delivery, if sent via an internationally recognized overnight courier service with signature notification requested to Client at the address indicated on the signature page hereof and to ADP at 15 Waterview Boulevard, Parsippany, New Jersey 07054, Attention: Legal Department or to any other address a party may identify in writing from time to time. A copy (which shall not constitute notice) of all such notices shall be sent to ADP at One ADP Boulevard, MS 425, Roseland, New Jersey 07068, Attention: General Counsel and to Client at the address indicated on the cover page hereof.
- 15.16 Survival.** Those provisions which by their content are intended to, or by their nature would, survive the performance, termination, or expiration of this Agreement, shall survive termination or expiration of this Agreement

- 1 **Payroll, Employment Tax & Wage Payment Services.** ADP will provide the following services:
 - 1.1 **ADP Payroll Services.** Administration and processing of payroll including performing gross-to-net calculations and generating and/or transmitting of payment instructions.
 - 1.2 **ADP Employment Tax Services.** Coordination of payroll-related tax and/or regulatory agency deposits, filings, and reconciliations on behalf of employers.
 - 1.3 **ADP Wage Payment Services.** Payment of wages, commissions, consulting fees, or similar compensation or work-related expenses in the employment context to employees and independent contractors via direct deposit, check, or payroll debit cards, in each case to the extent the method of payment delivery is in scope, and online posting of pay statements to the extent applicable. Such services may be provided via ADPCheck Services, ADP Direct Deposit Services, and ALINE Card Services (if elected additional terms set forth in Annex J shall apply).
 - 1.4 **Print and Online Statement Services.** Print and distribution of payroll checks, pay statements, and/or year-end statements, as well as online posting of pay statements and/or year-end statements.
 - 1.5 **Wage Garnishment Payment Services.** Garnishment payment processing and disbursement of payments to appropriate payees as directed by client.
- 2 **Billing.** Payroll, Employment Tax & Wage Payment Services and any other Services bundled into the pricing for such services are billed immediately following Client's first payroll processing. The billing count is based on the number of pays submitted during each payroll processing period, therefore total billing may fluctuate.
- 3 **ADP Wage Payment Services.** The following additional terms and conditions apply to the ADP Wage Payment Services:
 - 3.1 **Client Credentialing.** Client understands and acknowledges that the implementation and ongoing provision of Payment Services are conditioned upon Client passing (and continuing to pass) a credentialing process that ADP may deem necessary in connection with the provision of Payment Services.
 - 3.2 **Additional Requirements.** Payment Services may be subject to the rules and standards of any applicable clearing house, payment and/or card networks or associations. Client and ADP each agree to comply with all such rules and standards applicable to it with respect to the Payment Services.
 - 3.3 **Funding Obligations.** Client acknowledges that ADP is not a lender. As such, as a condition to receiving services, Client will remit or otherwise make available to ADP sufficient, good and available funds within the agreed-to deadline and via the agreed-to method of delivery to satisfy all of Client's third-party payment obligations covered by the Agreement. ADP will apply such funds to satisfy such third-party payment obligations. ADP will not be required to provide Payment Services if ADP has not received all funds required to satisfy Client's third-party payment obligations. Client will immediately notify ADP if it knows or should know that it will not have sufficient funds to satisfy the amounts required in connection with the Payment Services. If Client has a material adverse change in its condition, ADP may modify the funding method or deadline by which funds must be made available to ADP for payment to Payees. Client agrees to pay to ADP upon demand any amounts that have been paid by ADP to satisfy Client's third party payment obligations prior to receiving such amounts from Client.
 - 3.4 **Investment Proceeds; Commingling of Client Funds.** IF ADP RECEIVES CLIENT'S FUNDS IN ADVANCE OF THE TIME ADP IS REQUIRED TO PAY SUCH FUNDS TO THIRD PARTIES, ALL AMOUNTS EARNED ON SUCH FUNDS, IF ANY, WHILE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP. ADP may commingle Client's funds with similar funds from other clients and with similar ADP and ADP-administered funds. ADP utilizes a funds control system that maintains general ledger entries by client and/or by jurisdiction.
 - 3.5 **Recovery of Funds; Stop Payment Requests.** Client agrees to cooperate with ADP and any other third parties to recover funds erroneously issued or transferred to any Payee or credited to any Payee's account. If Client desires to stop payment on any check or to recall or reverse any electronic payment, Client will provide ADP with a stop payment request in the form required by ADP. Client acknowledges that ADP's placement of a stop order request is not a guarantee that such stop payment will occur.
 - 3.6 **ADPCheck Services.** Client agrees not to distribute any ADPChecks to Payees in a manner that would allow Payees to access the associated funds before pay date. With respect to ADPChecks drawn on an ADP bank account, to request a stop payment, Client shall provide ADP with a written stop payment order request in the form provided by ADP and ADP shall place a stop payment order in accordance with its standard operating procedures.
 - 3.7 **Full Service Direct Deposit (FSDD).** Prior to the first credit to the account of any employee or other individual under FSDD services, Client shall obtain and retain a signed authorization from such employee or individual authorizing the initiation of credits to such party's account and debits of such account to recover funds credited to such account in error.
- 4 **ADP Employment Tax Services.** The following additional terms and conditions apply to the ADP Employment Tax Services:
 - 4.1 **Important Tax Information (IRS Disclosure).** Notwithstanding Client's engagement of ADP to provide the ADP Employment Tax Services in the United States, please be aware that Client remains responsible for the timely filing of payroll tax returns and the timely payment of payroll taxes for its employees. The Internal Revenue Service recommends that employers enroll in the U.S. Treasury Department's Electronic Federal Tax Payment System (EFTPS) to monitor their accounts and ensure that timely tax payments are being made for them, and that online enrollment in EFTPS is available at www.eftps.gov; an enrollment form may also be obtained by calling (800) 555-4477; that state tax authorities generally offer similar means to verify tax payments; and that Client may contact appropriate state offices directly for details
 - 4.2 **State Unemployment Insurance Management.** Subject to Section 15.7 of Annex A, Client's compliance with its obligations in Sections 4.2.1 and 4.2.2 herein, and any delays caused by third parties (e.g., postal service, agency system and broker delays) and events beyond ADP's reasonable control, ADP will deliver the State Unemployment Insurance Management Services ("SUI Management Services") within the time periods established by the relevant unemployment compensation agencies.

- 4.2.1 **Provision of Information; Contesting Claims.** Client will on an ongoing basis provide ADP and not prevent ADP from furnishing all information necessary for ADP to perform the SUI Management Services within the timeframes established or specified by ADP. The foregoing information includes without limitation the claimants' names, relevant dates, wage and separation information, state-specific required information, and other documentation to support responses to unemployment compensation agencies.
- 4.2.2 **Transfer of Data.** Client may transfer the information described in Section A to ADP via: (i) on-line connection between ADP and Client's computer system, or (ii) inbound data transmissions from Client to ADP. Client will provide the data using mutually acceptable communications protocols and delivery methods. Client will promptly notify ADP in writing if Client wishes to modify the communication protocol or delivery method.
- 4.2.3 Client acknowledges that ADP is not providing storage or record keeping of Client records as part of the SUI Management Services, and that if the SUI Management Services are terminated, ADP may, in conformity with Section 4 of Annex A, dispose of all such records. If the SUI Management Services are terminated, any access Client has to ADP websites containing Client's data will expire and Client will be responsible for downloading and gathering all relevant data prior to expiration of any such access that may have been granted.

5 Employment Verification Services. Client desires to receive and ADP agrees to provide the following Services to Client in addition to those already provided under the Agreement.

5.1 Definitions. Unless a capitalized term used herein is defined herein, it shall have the same meaning ascribed that term in the Agreement.

- 5.1.1 "FCRA" Fair Credit Reporting Act, 15 U.S.C. §1681 et seq.
- 5.1.2 "Verification Agent" has the meaning set forth in Section 5.2.1.1
- 5.1.3 "Verification Data" has the meaning set forth in Section 5.2.1.1.
- 5.1.4 "Verifiers" has the meaning set forth in Section 5.2.1.1.

5.2 Additional Terms. To the extent Client has not opted out of receipt of Employment Verification Services, the following additional terms and conditions shall apply:

5.2.1 Verification Services and Authorization as Agent.

5.2.1.1 ADP currently provides the Employment Verification Services through The Work Number®, an Equifax Workforce Solutions service though ADP reserves the right to provide them through another entity (each, a "Verification Agent"). Notwithstanding anything to the contrary in Section 4.1 of Annex A, Client authorizes ADP and its Verification Agents to disclose, on Client's behalf, employment information (including employees' place of employment and employment status) and income information (including total wages per year to date and previous year income) of Client and Client's employees (or former employees) (collectively, "Verification Data"), to commercial, private, non-profit and governmental entities and their agents (collectively, "Verifiers"), who wish to obtain or verify any of Client's employees' (or former employees') Verification Data. Verification Data will be disclosed to Verifiers who certify they are entitled to receive such data (as described below) pursuant to the FCRA, and, in the case of income information requests, who additionally certify they have a record of the employee's consent to such disclosure or who utilize a salary key. In accordance with FCRA, Verification Data may be provided to Verifiers where (i) the employee has applied for a benefit (such as credit, other employment or social services assistance); (ii) the employee has obtained a benefit and the Verifier is seeking to (a) determine whether the employee is qualified to continue to receive the benefit; and/or (b) collect a debt or enforce other obligations undertaken by the employee in connection with the benefit; or (iii) the Verifier is otherwise entitled under FCRA to obtain the Verification Data. In certifying they have a record of the employee's consent, Verifiers generally rely on the employee's signature on the original application as authorization for the Verifier to access the employee's income data at the time of the application and throughout the life of the obligation. Client understands that Verifiers are charged for commercial verifications processed through ADP or its Verification Agents.

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

5.2.1.3 Notice to Furnishers of Information: Obligations of Furnishers of Information ("Notice to Furnishers"). Client certifies that it has read the Notice to Furnishers provided to Client at the following URL: <https://www.consumer.ftc.gov/articles/pdf-0092-notice-to-furnishers.pdf>. Client understands its obligations as a data furnisher set forth in such notice and under FCRA which include duties regarding data accuracy and investigation of disputes, and certifies it will comply with all such obligations. Client further understands that if it does not comply with such obligations, ADP may correct incorrect Verification Data on behalf of Client or terminate the Employment Verification Services upon 90 days prior written notice to Client.

5.2.1.4 Archival Copies. Notwithstanding anything to the contrary in Annex A, Client agrees that, after the termination of this Agreement, ADP and its Verification Agents may maintain archival copies of the Verification Data as needed to show the discharge and fulfillment of obligations to Client's employees and former employees and the provisions of Section 4.1 of Annex A will continue to apply during the time that ADP and its Verification Agents maintain any such archival copies.

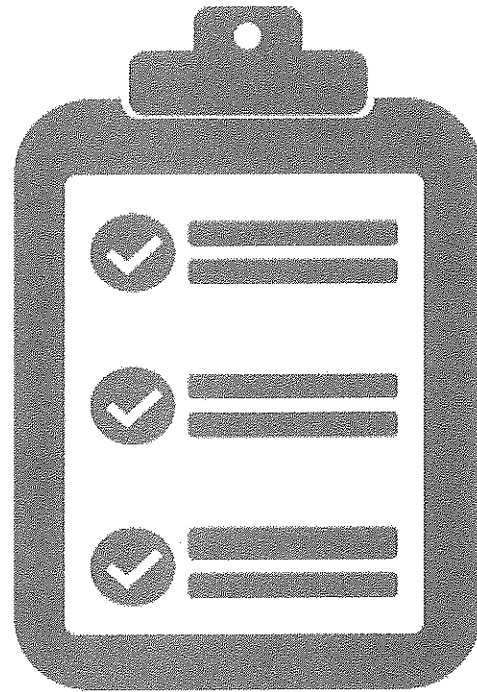
5.2.1.5 Additional Termination Provisions for Employment Verification Services. ADP may, in its sole discretion, terminate the Employment Verification Services at any time upon 90 days prior written notice to Client should a Verification Agent notify ADP that it is no longer willing to provide the Employment Verification Services and ADP, after taking commercially reasonable steps, cannot engage a successor Verification Agent



A more human resource.™

Getting Started with ADP

New Client Checklist and Implementation Guide





New Client Checklist

YTD Profile Report

- Attached (Mandatory with all New Orders) OR
- Not Applicable (New Company with no Payroll History)

Hello and welcome to ADP! We appreciate your business and look forward to the next step which is your Implementation Analysis Meeting. In preparation, please provide your sales representative with the following:

Federal Employer Identification Number (FEIN) Proof

Current IRS document (within the last 6 months) that includes the FEIN and legal name or copy of a recently completed Payroll Provider return

Key Implementation Start Dates

First Input Date: _____ Period Ending Date: _____ First Pay Date with ADP: _____

Creation of Your Client ID

A unique identifier that describes you as our client (limited to 10 characters). It is needed to initiate your company on our system prior to our first meeting. When choosing your Client ID common practices include: Abbreviation of Your Company Name or Stock Ticker Symbol. Examples include IBM, GenCo, MSFT, and FedEx.

Choice 1		Choice 2	
Choice 3		Choice 4	

*Keep in mind that you and your employees will need to know your Client ID to register online.

Current Vendor Information

Provide a copy of the most current Company Year-to-Date Profile Report to your Sales Representative. This will expedite your company setup profile. The report is to contain company level information including Hour/Earnings Types, Deductions, Departments, and Tax Jurisdictions.

Additional Preferred Documentation:

- Deposit frequencies for State and Local taxes (typically found on a report that displays tax liability information)
- Current Year Quarterly Tax Filings and/or Deposits (Federal-941, State-941, State Unemployment Filing)
- Chart of Accounts for Payroll and Sample Journal Entry in Excel format (if applicable)
- Paid Time Off Accrual Policy (if applicable)

Reporting Agent Authorization and Client Account Agreement documents will be presented during implementation for signature and a voided check for the designated accounts ADP is to debit will be collected.

If Time Clocks were Purchased:

Provide Contact information for IT/Network Administrator responsible for clock installation

Name: _____ Phone: _____ Email: _____

If Benefits Administration Module Was Purchased:

Provide Broker Contact Information if you would like ADP to gather setup and enrollment information.

Broker Name: _____ Permission for ADP to talk to Broker: ___ Yes ___ No

Broker Contact Account Manager: Name: _____ Phone: _____

Email: _____

If Broker will not be involved, please collect the following two documents in anticipation of the Analysis:

- Benefit Plan Summary AND Benefit Rate Sheet
- New Hire Benefits Packet

If Recruitment and/or Performance Modules Were Purchased, collect the following two documents in anticipation of the Analysis:

- Job Application/Posting (if Recruitment) Sample Performance Appraisal (if Performance)



Vendor Source Document List to collect Company Year-to-Date Profile Report

If your current vendor is not listed below, you can provide a report or list containing the following information; pay elements (hours/earnings types), deductions, departments and tax jurisdictions.

Vendor	YTD Profile Source Document	Comments
Abra	Gross to Net Detail Report	
Acc Pac	Earnings and Hours Report	
Advantage	QTD/YTD Register	
Ahola	Payroll Register - Company Summary	
AmeriPay (Millennium)	MQYtd	Ameripay uses a Millennium product
BalancePoint (Evolution)	Payroll Register Totals at end of report	BalancePoint uses an Evolution Product
California Payroll (Millennium)	MQYtd	California Payroll uses a Millennium product
CBIZ (Millennium)	MQYtd	CBIZ uses a Millennium product
Ceridian - Source 500 or HR/Payroll	Payroll Register	
Ceridian - DayForce		
Complete Payroll (Evolution)	Payroll Register Totals at end of report	Complete Payroll uses an Evolution Product
CompuPay PC Payroll v3.0.2548	ASCII Export	
CompuPay PayRight	Employee Pay History	
Corp PR Solutions	Pay History Report	
Dac Easy (Sage)	Totals at end of reports	Dac Easy uses a Sage Product
Deltek	Totals at end of reports	
Elite HR	Totals at end of reports	
Encore/E-Chx	Payroll Register Total Page	
Evolution	Payroll Register Totals at end of report	
Fidelity	Totals at end of reports	
Harpers (Millennium)	MQYtd	Harpers uses a Millennium Product
InstaPay	YTD Register Totals Page	
Intuit Complete PC or Web Entry	Payroll Journal	
Kronos Visual Tech or Kronos Workforce HR	Detailed Payroll Register Totals at end of report	
Mas 90 / Mas 200	Perpetual History Report (Standard in software)	
Millennium	MQYtd	
Mpay (Millennium)	MQYtd	
Pay-Net Solutions (Millennium)	MQYtd	
Paychex - Online, Paylink or Teledata	Total Page from Employee Earnings Record Cards	
Paychex - Preview For Windows	Payroll Journal Totals page	
Paychoice	Totals at end of reports	
Paycom	Client can create custom report, no standard	
Paycor	Client can create custom report, no standard	
Payday Inc (Evolution)	Payroll Register Totals at end of report	PayDay inc. uses an Evolution Product
Paylocity (Millennium)	YTD Report	
PayMaster (Evolution)	Payroll Register Totals at end of report	
Payroll America (Millennium)	MQYtd	
Payroll Dynamics (Evolution)	Payroll Register Totals at end of report	Payroll Dynamics uses an Evolution Product
Payroll One	Excel Export	
Payroll People and Payroll Professional	Payroll Register Totals at end of report	Both use an Evolution Product
Payroll Solutions (Millennium)	MQYtd	
PayTime (Millennium)	MQYtd	
PCS	Payroll Register	
Peachtree	Payroll Register	
PrecisionPay	Totals at end of reports	
PrimePay	Totals at end of reports	
Priority Pay	Totals at end of reports	Local Coding is not shown
PS-Pay	Payroll Register Summary Total Page	
QuickBooks/Quickbooks Pro & Online	Employee Earnings Summary or Payroll Summary	
SAP	Different for every client	
SurePay	Totals at end of reports	
Symphony (Evolution)	Payroll Register Totals at end of report	Payroll People uses an Evolution Product
The Payroll Company (PayChoice Online)		Uses a PayChoice Online Product
USA Payroll (Evolution)	Payroll Register Totals at end of report	
UltiPro / Ultimate	Summary Payroll Register (by Date Range, YTD, QTD)	
Vista	Totals at end of reports	
Wells Fargo (Evolution)	Payroll Register Totals at end of report	Wells Fargo uses an Evolution Product
Workday		



Getting Started with ADP

ADP's goal is to consistently exceed your expectations in every area of our partnership. We also know that exceeding your expectations begins with sharing implementation considerations *appropriately and transparently* so that you can understand and prepare internally for your transition. The purpose of this document is to provide you with some information and best practices, gleaned from tens of thousands of successful ADP implementations, which you can review to prepare for your implementation.

Identifying Your Team

The starting point for a successful implementation is identifying your subject matter experts. An effective subject matter expert has the necessary skills to partner effectively with your ADP implementation specialists to deliver a quality solution.

Depending on the modules purchased, subject matter expertise is recommended to complement the implementation team in the following areas. You may have one subject matter expert or a team of experts depending upon your organizational structure.

Human Capital Management	Responsible for providing the organizational and employee information for the Human Resource module and validating and testing the integrity and workflows for HR information. Knowledge of your company procedures and policies is essential.
Payroll	Responsible for ensuring accuracy of payroll information. This individual should possess a thorough understanding of the existing payroll system.
Time & Attendance	Responsible for providing information to configure the Time & Attendance module including knowledge of your schedules, time-off policies, time punch preferences, approval workflows, and validation/testing the integrity of data.
General Ledger Interface	Responsible for providing a General Ledger chart of account information as it relates to payroll; understands how payroll transactions are posted to your general ledger.

Resource Commitment

ADP's implementation timeline is flexible. Your first live payroll processing can occur in as soon as two weeks.

The following time frames represent the typical amount of time a client spends partnering with ADP's implementation team, excluding time spent in training. The time commitment can vary based on experience of resources, number of data input sources, company size, and existing HR, Payroll, Time & Attendance, or General Ledger Interface systems.

	Introduction & Analysis	Configuration & Data Conversion	Validation & Learning	Production
Payroll & Human Resource	1 - 2.5 hours	2.5 - 3 hours	1.5 - 2 hours	3 - 4 hours
Time & Attendance	1 - 2.5 hours	2.5 - 3 hours	1.5 - 2 hours	3 - 4 hours
General Ledger Interface	.5 hour	1 hour	1 hour	1.5 - 2 hours

Additional resource commitment post-live processing will be necessary when the Talent module is purchased to analyze and configure Performance and Recruitment functionality.



Preparing for the Analysis Meeting and Implementation

The purpose of the following sections of this document is to provide a high-level overview of the type of information you will need to gather to prepare for your Implementation Analysis Meeting.

HR Interview Information	
<p>Please have the following items available to help with your HR setup:</p> <ul style="list-style-type: none"> ▪ Organizational charts ▪ HRIS organizational reports ▪ EEO reports ▪ Job descriptions 	
ACA	Provide information related to your company's readiness for the Affordable Care Act (ACA) provisions. For more information on the Affordable Care Act, go to: www.adp.com/health-care-reform .
Business Units	Organizational entities that represent the highest level in your organizational structure. Business units drive benefits eligibility, leave eligibility, security access, and reporting, and are required for each employee. Business units can be imported. Examples: department, division, company, or group of employees such as a work group or project team
Locations	Represent a physical location, site, area, or region where you conduct business. Locations drive benefits and time-off policies, security access, and reporting, and are required for each employee. Locations can be imported.
Departments for Non-Paid Positions	Specify departments for positions that are not paid through ADP.
Employee Types	A class or group of employees defined by a common characteristic or attribute. Employee types can be imported. Examples: executive, operational, full-time and part-time employees
Unions	Identify the unions to which the employees in your company may belong. Unions can be imported.
Job Classes	Categorize the type of work your employees perform into classes such as Clerical or Management.
Jobs	Identify the position an employee holds in your company. The codes you assign to jobs can be used for tracking, reporting FLSA, and hours and earnings allocations.
Job Function	The classification of a job, such as Administrative or Technical
Reason Types	Identify reason for changes, including: Status Change Reason, Compensation Change Reason, Job Change Reason, and Corporate Group Change Reasons.

Additional record-keeping options are available with ADP Workforce Now HR:

Pay Grades	Use pay grades to group jobs together that have approximately the same relative internal worth, and are paid at the same rate or range. The process of assigning a job to an appropriate pay grade involves job information, job evaluation, and market considerations.
Salary Structures	The range of standard earnings that your company typically pays your employees. Salary structures provide a basis for comparing an individual employee's earnings with a standard earnings range.



Payroll Interview Information

Please have the following items available to help with your Payroll setup:

- Payroll Register, Payroll Summary, or other payroll reports
- Payroll processing schedule and holiday closures
- Federal ID numbers, which may be found on recently filed Forms 941
- State Income Tax numbers, State Unemployment numbers, current unemployment rate, and tax deposit frequencies
- Local Tax ID numbers, including city, country, school district, and other local jurisdictions

Addresses	Legal, Billing, and Payroll Delivery addresses
Schedules	Information to determine how often you pay your employees. For example, whether they will be paid on a weekly or biweekly basis, or how to pay your employees when a pay date falls on a weekend or recurring holiday
Labor Tracking	Track your labor costs. Examples: project tracking or general ledger cost allocations.
Departments	Number and descriptions to define your company's departments. A department is an organizational entity or entities representing a level below a business unit.
Pay Elements	Items that make up your employees' gross pay, and allow you to select the hours and earnings that should be tracked for these employees. Specify the hours and earnings to track for benefits accruals.
Tax Information	Information that ADP will use for reporting your State Unemployment Insurance (SUI) and State Disability Insurance (SDI) tax information. In addition to SUI taxes, some states require employer or employee contributions to an SDI fund.
Deductions Pre-Tax Benefits	Flexible benefit programs authorized by Internal Revenue Code 125 in which eligible employees can select from a predetermined list of benefits options. Examples: medical and dental plans, health savings accounts, flexible spending accounts, and adoption assistance
Deductions Commuter Benefits	Commuter benefit plans provide tax-exempt funds to be used for eligible transit and parking services. Some examples are parking, transit, and bicycle.
Deductions Wage Garnishments	Wage garnishment is the process by which you withhold a portion of an employee's pay in accordance with a court.
Deductions Deposits/Bank	Deduction types and all of the information related to your employees' banking information for direct deposit.
Deductions Group Term Life (GTL)	Employer-provided life insurance coverage. If the premium for coverage exceeds \$50,000, it is taxable and must be reported as additional income on an employee's Form W-2.
Deductions/Voluntary Post-Tax Deductions	Deductions that employees elect to be taken from their pay after taxes.
Payroll Reports Earnings Statement Heading	The company name and address that will appear on earnings statements attached to employee paychecks and pay vouchers.
Other Information Supplementary Information	Provide information about any special calculations that ADP will need to compute earnings, rates, deductions, and other results.

Benefits Interview Information

Please have the following items available to help with your Benefits setup:

- Benefit Enrollment forms and Benefit Summary Plan documents
- Benefit invoices and Employee Benefit handouts
- Benefit rate calculator
- Benefit brokers
- Current benefit reports

Benefit Plans	All benefit criteria and information including provider, rate, billing eligibility, and effective dates for your Medical, Dental, LTD, AD&D, Flex, Life, Retirement, STD, and other benefit plans.
Open Enrollment	Open enrollment information to determine your timeline and benefit needs
Dependents	Your dependent indicative information
Employee Enrollments	Your employee benefit enrollment information and coverage levels
Carrier Connections	A connection is an electronic file that sends enrollment, eligibility, and demographic information to an insurance provider (carrier) or third-party vendor.

Time Interview Information

Please have the following items available to help with your Time & Attendance setup:

- Time-entry methods
- Employee schedules and company holidays
- Employee handbook
- Lunch and break policies

Address Information	Indicate the address where Time & Attendance hardware will be shipped, including number of devices and shipping contact.
Schedule Information	Schedules help you identify timecard exceptions such as late punches, missed punches, and non-worked time. Include planned shift times for an employee, with the days on which the employee is expected to work and the shift start and end times. You can assign scheduled shifts to a department or other labor charge fields.
Earnings Master List	Hours/earnings that employees accumulate, both worked and non-worked, are grouped into hours/earnings codes. Examples of hours/earnings codes: Regular, Overtime, Sick, and Vacation.
Supplemental Earnings	Include earnings related to your employees' total compensation that cannot be entered on a time sheet, such as mileage, bonuses, uniform allowances, and tips. Supplemental earnings provide a way for your employees to enter pay not included in their gross payroll totals.
Labor Charge Fields	All hours that accumulate into earnings codes in the Time & Attendance module are charged to a defined cost center called a labor charge field. The labor charge structure represents your labor hierarchy and is used to track your employees' hours.
Pay Class Home	An employee's pay class assignment determines the employee's pay cycle, time-entry type, time calculation program, holiday program, attendance program, and wage rate program used by Time & Attendance when calculating the employee's time. Examples: Full Time, Part Time, Salary, and Non-Exempt
Supervisor Tier	Specifies how supervisors will be viewing, editing, and approving timecards for a pay class.



Talent Information	
Please have the following items available to help with your Talent setup: <ul style="list-style-type: none"> ▪ Hiring sources ▪ Job competencies ▪ Employee development ▪ Employee skills, training and education reports 	
Recruitment	Indicate who will be responsible for maintaining recruitment; if managers will be able to create job postings; and which role will initiate hiring a candidate.
Hire Sources	Enter the hiring source for your employee.
Performance	Indicate the types of performance reviews and if you will use a rating scale.
Job Competencies	ADP will provide default job competencies such as computer skills or communication. Please update the list with any additional job competencies.
Employee Development	Indicate the employee development areas that you will be using. Areas include: Awards, Education, Language, Licenses/Certifications, Membership, Previous Employer, Skills, and Training

Training Your Team

Knowledge transfer from ADP to your team is an essential component for a successful implementation and overall partnership beyond implementation. Education will enhance your ability to use the system in a manner that aligns with your unique needs and objectives. Your ADP team will work with you to provide training during the initial stages of your implementation. This approach will ensure that you complete your training at the appropriate time:

What Is Your Expected Number of Training Hours?		
Module	Required	
Human Resource	2	These core training hours are required to provide you with the foundation needed to begin using your system. Additional training courses are offered to address your specific solution needs and objectives. Continuous learning opportunities, throughout the life cycle of your solution, give you what you need, exactly when you need it, to maximize performance and ensure your success.
Payroll	4	
Time & Attendance	2.5	

Note: Additional training is available for Reporting, Time Off, Benefits and Talent.



Data Validation

You will want to import certain data elements into your ADP solution. Often, your new ADP solution will have different field definitions than your existing system. Your ADP team will convert and jointly assist your company in converting core data from your current system. Although the ADP conversion programs include checks and balances, data validation will represent an important time commitment.

- How clean is my data?
- Where is my existing data stored?
- What data is meaningful?
- How much history is required?
- Who will use the converted data? How frequently?

The quality of the data will only be as good as the source from which it is imported, whether that import is done manually or electronically. Taking steps to review your data prior to conversion gives you the opportunity to standardize your data, identify missing or duplicate records, and purge unnecessary data.

Understanding Your Billing

We want you to understand and feel comfortable with the ADP billing process and particularly what initiates your billing during the implementation. Regular invoicing will begin as follows.

ADP Workforce Now® Bundled Billing	
Processing of your first payroll with ADP	
ADP Workforce Now® Modular Billing	
Human Resource	Processing of your first payroll with ADP will activate module billing
Time & Attendance	The earlier of 90 days from the signed agreement or when you begin to use the system to track time
Talent	The earlier of 90 days from the signed agreement or when you begin to use the system to track talent data

Note: Details of your invoicing may be found in the Terms and Conditions section of your ADP sales order.

Summary

We want you to feel prepared and confident that your partnership with ADP will begin with a successful implementation. Selecting the right team, understanding and communicating the expected time commitment, and completing training are important considerations to understand prior to and during implementation. Thank you for reviewing this information and for partnering with ADP!



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ADP

Ambassador

Program

Member Perks



A more human resource.

You can earn the following Invoice Credits

Being an Ambassador has it's perks! Not only will you earn invoice credits, you will also be able to take part in our appreciation and professional development programs.



1st Closed Referral = \$500*

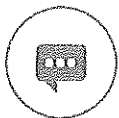
2nd Closed Referral = \$500*

3rd Closed Referral = \$7,500*

4th Closed Referral = \$500*



1000's of clients looking to reduce current costs with ADP and looking to expand their HCM landscape without increasing their expenses



Refer Friends, Clients, Colleagues, Vendors , Suppliers, even your Broker and Business Partners



Appreciation:
Earn recognition items based on your level of participation

+

Professional Development:
Receive pass to PRO User Group Meeting**

OR

ADP will waive the cost of earning ADP Professional Certification, a distinction that provides CE credits

Become an Ambassador Today

Closed Referral Credit	Company Name	Contact Information Name Phone Email	Address
\$ 500*			
\$ 500			
\$ 7,500*			
\$ 500*			

Enroll at: www.adp.com/ambassador



AMBASSADOR

* For referrals to companies with less than 50 employees the referral credit is \$100 ** Referral invoice credits are up to your annual payroll expense, and does not include ancillary services. Referral



Implementation Excellence



IMPLEMENTATION METHODOLOGY

START-UP ACTIVITIES

- Gather Policies
- Collect Company-Level Information
- Identify Security Administrator



ANALYSIS

- Payroll & Time Interview/Analysis
- Data Conversion Planning
- General Ledger and PTO Analysis



CONFIGURATION & DATA CONVERSION

- Payroll Configuration
- Reporting
- Data Extraction & Conversion



VALIDATION & LEARNING

- Solution Training
- Employee Data and Balances
- Process Preview Payroll



LIVE PROCESSING & SUPPORT

- Process Live Payroll
- Review Payroll Register and Statistical Summary
- Confirm Client Satisfaction



POST-LIVE PROCESSING

- General Ledger
- Human Resources
- Time & Attendance
- Introduction to Dedicated Service Team

IMPLEMENTATION TIMELINE

Your Project Manager will design a customized project schedule based on your organization's unique needs with consideration for your desired timeline and your resource availability.

ADP's people, process, and technology are designed to deliver a timely and quality conversion.

People

- An ADP Project Manager is accountable for your implementation so that you can effectively participate while managing your day-to-day business.
- Your Project Manager will have extended team support in areas including tax & banking, time & attendance, and general ledger.

Process

- ADP's implementation methodology is engineered to help you start processing live payroll quickly and accurately.
- Your ADP implementation team will continue to partner with you beyond live processing to confirm that you are completely satisfied.

Technology

- ADP's implementation methodology includes an automated, guided interview to capture relevant configuration information.
- Your current employee data can be collected and converted easily, typically in four business days or less, utilizing automation to help ensure a timely and accurate data conversion.

TRAINING EXCELLENCE

ADP's training curriculum will help you to maximize use of your ADP solution. Your team will:

- Conduct initial training using your own database
- Offer flexible training options based on your users' needs
- Optimize your time in the classroom with a targeted curriculum utilizing a "learn as you need it" approach

Tulare Local Healthcare District dba Tulare Regional Medical Center
Agenda Item

Board Meeting Date: January 31, 2018

Title to Appear on Agenda: Workers Comp & Employees Liability Insurance Coverage - BETA Risk Management Authority

Brief Description: The District needs to provide Workers Compensation coverage for its employees.

Background and Details: BETA provides a competitive and comprehensive coverage and service to its providers, which consist of Healthcare Districts and Not-for Profit entities.

BETA has an A.M. Best rating of A,VIII.

The net rates include an Experience Modification Factor of 1.00, a Net Rate of \$2.94 per \$100 of Payroll, plus a 5.445% discount.

Coverage is provided as of January 30, 2018.

Exhibits: See complete attached proposal.

Recommended Action: That the Board authorize the Workers Comp and Employees Liability coverage with BETA as outlined, effective January 30, 2018.

TULARE LOCAL HEALTHCARE DISTRICT



PROPOSAL FOR INSURANCE SERVICES

WORKERS' COMPENSATION

EFFECTIVE: NOVEMBER 22, 2017 TO JULY 1, 2018

DATE: DECEMBER 29, 2017

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ADDENDUM:

A.M. Best Rating Classifications



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Tulare Local Healthcare District

DIRECTORY

PRINCIPAL: **Bill Buchanan**
(858) 587-7567
bill.buchanan@MarshMMA.com

CLIENT EXECUTIVE: **Jim Gonzales**
(858) 550-1147
jim.gonzales@MarshMMA.com

CLIENT MANAGER: **Drisana Wallace**
(858) 750-4520
drisana.wallace@MarshMMA.com

DIRECTOR OF RISK & LOSS ADVISORS: **Jeff Hulson**
(858) 550-4987
jeff.hulson@MarshMMA.com

WORKERS' COMPENSATION SPECIALIST: **Carrie Stern**
(858) 875-3076
carrie.stern@MarshMMA.com

EMPLOYEE BENEFITS: **Steve Finden**
(858) 587-7405
steve.finden@MarshMMA.com

PENSION & RETIREMENT SERVICES: **Bill Peartree**
(858) 550-4978
bill.peartree@MarshMMA.com

CHIEF FINANCIAL OFFICER: **Steve Berk**
(858) 587-7426
steven.berk@MarshMMA.com

HEADQUARTERS: **San Diego Office**
P.O. Box 85638
San Diego, CA 92186-5638
9171 Towne Centre Dr., Ste. 500
San Diego, CA 92122
Phone: (858) 457-3414 / (800) 321-4696
Fax: (858) 452-7530
www.MarshMMA.com

PREMIUM SUMMARY

COVERAGE	CARRIER	A.M. BEST RATING	PREMIUM
Workers' Compensation	BETA	A, VIII	\$ 161,736

⁽¹⁾ This premium is subject to audit

Tulare Local Healthcare District

NAMED INSURED

- Tulare Local Healthcare District
- DBA Tulare Regional Medical Center

MAILING ADDRESS

869 North Cherry Street
Tulare, CA 93274-2287

This is our understanding of your entire list of named insureds. This list may or may not appear on every policy. Each policy should be reviewed to confirm the appropriate list of named insureds.

WORKERS' COMPENSATION & EMPLOYER'S LIABILITY

CARRIER

BETA Risk Management Authority
A.M. Best Rating: A, VIII

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m., November 22, 2017 to July 1, 2018

COVERAGE & LIMITS OF INSURANCE

Coverage A – Workers' Compensation – Statutory (CA)

Coverage B – Employer's Liability

Bodily Injury by Accident – Each Accident	\$	2,000,000
Bodily Injury by Disease – Policy Limit	\$	2,000,000
Bodily Injury by Disease – Each Employee	\$	2,000,000

RATES

Per \$100 Payroll; Standard Rates Filed with Each State

EXPERIENCE MODIFICATIONS

California **100%**

WORKERS' COMPENSATION & EMPLOYER'S LIABILITY (CONTINUED)

COVERAGE EXTENSIONS & CONDITIONS

- Premium is Auditable, based on Payroll
- Blanket waivers of subrogation may only be included with the policy when required by contract
- Minimum premium is 25% of written premium
- Payroll subject to reclassification of payroll once/if hospital operations fully ramp up, there may be an added service for Home Health and Hospice 8827
- Losses occurring between 11/22/2017 and bind date will be paid for by Tulare under a 100% deductible.

EXCLUSIONS

- Per Policy Form
- Coverage does not include volunteers (i.e. those individuals with no payroll associated with them)

SUBJECTIVITIES

1. Provide BETARMA with a written Bind Order and deposit payment
2. Comply with BETARMA Loss Prevention in order to develop a Loss Prevention service plan
3. Comply with BETARMA Claims to develop claims handling guidelines and claims administration onboarding
4. Provide all relevant data related to the underwriting and claims administration on an as needed basis
5. Within 30 days of Binding complete the CA A-2 form
 - a. Prior to completing page 4 and BOD Resolution on page 5, please confirm all legal names, addresses and contacts are correct
 - b. No notary or seal is required on this form
 - c. Send original form to my attention, BETA to file with the DIR
6. Within 30 days of Binding complete and sign the BETARMA JPA Agreement
7. Complete the attached Concentration of Risk Form
8. Complete the attached BETARMA Supplemental Application

WORKERS' COMPENSATION STANDARD PREMIUM DETERMINATION

CODE	CLASSIFICATION	PAYROLL	BASE RATE	PREMIUM	NET RATE
9043	Acute Care Hospitals – all employees	\$5,500,000	\$ 3.11	\$171,050	\$ 2.94
Estimated Manual Premium				\$171,050	
CA Experience Mod			1.00	-	
Schedule Rating			.94555	(\$9,314)	
CA Fraud and User Fee				Included	
Estimated Annual Premium & Fees				\$161,736	

PAYMENT PLAN

WORKERS' COMPENSATION – BETA

- Direct Bill
 - Please make all payments payable to:
BETA Healthcare Group
1443 Danville Boulevard
Alamo, CA 94507-1911
- Deposit - \$8,000
 - Deposits are non-earning and are held in retainer by BETA to ensure timely contribution payments. The Quote Deposit will be returned at the discretion of BETARMA after 12 full months of timely contribution payments. Contributions are considered timely if received on or before the 1st of the month payment is due.
- Monthly Installment Schedule - TBD

COMPENSATION DISCLOSURE

Marsh & McLennan Agency LLC dba Marsh & McLennan Insurance Agency LLC ("MMA") prides itself on being an industry leader including in the area of transparency and compensation disclosure. We believe you should understand how we are paid and also understand the services we are providing for the compensation we receive. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA facilitates the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.
- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on a broker's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, from time to time, insurers may sponsor certain MMA training programs and/or events.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at

http://res.cloudinary.com/mma/image/upload/v1473800190/MMA_Compensation_Guide_for_Clients_rev_9.6.16_wqhfvy.pdf

MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

We appreciate your business and look forward to your instructions regarding the placement of your coverage on the terms outlined in this proposal.

ADDENDUM



A.M. BEST RATING CLASSIFICATIONS

SECURE RATINGS:

A++	Superior
A+	Superior
A	Excellent
A-	Excellent
B++	Very Good
B+	Very Good
B	Fair
B-	Fair
C++	Marginal
C+	Marginal
C	Weak
C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

FPR 9	Very Strong
FPR 8 and 7	Strong
FPR 6 and 5	Good
FPR 4	Fair
FPR 3	Marginal
FPR 2	Weak
FPR 1	Poor
NR	Not Rated
NR-1	Insufficient Data
NR-2	Insufficient Size and/or Operating Experience
NR-3	Rating Procedure Inapplicable
NR-4	Company Request
NR-5	Not Formally Followed

AFFILIATION CODES:

G	Group
P	Pooled
R	Reinstated

RATING MODIFIERS:

U	Under Review
Q	Qualified

In addition, the A.M. Best Company classifies insurers on the basis of financial size categories ranging from I (smallest) to XV (largest). In \$Millions of Reported Policyholders Surplus and Conditional Reserve Funds

Class I	Up to 1
Class II	1 to 2
Class III	2 to 5
Class IV	5 to 10
Class V	10 to 25
Class VI	25 to 50
Class VII	50 to 100
Class VIII	100 to 250

Class IX	250 to 500
Class X	500 to 750
Class XI	750 to 1,000
Class XII	1,000 to 1,250
Class XIII	1,250 to 1,500
Class XIV	1,500 to 2,000
Class XV	2,000 or greater

**BETA HEALTHCARE GROUP
RISK MANAGEMENT AUTHORITY**



***AMENDED AND RESTATED
JOINT POWERS AUTHORITY
AGREEMENT***

Effective as of January 3, 2017

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**AMENDED AND RESTATED
BETA HEALTHCARE GROUP
RISK MANAGEMENT AUTHORITY
JOINT POWERS AUTHORITY AGREEMENT
Effective as of January 3, 2017**

THIS AMENDED AND RESTATED BETA HEALTHCARE GROUP RISK MANAGEMENT AUTHORITY JOINT POWERS AUTHORITY AGREEMENT (this "Agreement") is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500, et seq.) of the California Government Code, relating to joint exercise of powers between the local healthcare districts, counties, other political subdivisions and qualified nonprofits which operate hospitals, clinics, medical foundations and other health-related facilities and/or provide related healthcare services, and which have signed this Agreement, and those that may sign hereafter, for the purpose of operating and administering Group Self-Insurance Programs and/or insurance purchasing programs for professional liability, workers' compensation and/or providing other coverage or services for those healthcare districts and those counties, other political subdivisions and qualified nonprofits which own and operate hospitals, clinics, medical foundations and other health-related facilities and/or provide related healthcare services. This Agreement is effective as of the date first set forth above. Capitalized terms used but not defined herein have the meaning set forth in Article I.

RECITALS

Combination of ALPHA Fund and BETA HEALTHCARE GROUP RISK MANAGEMENT AUTHORITY

WHEREAS, the Association of California Healthcare Districts, Inc., a California non-profit mutual benefit corporation ("ACHD") created a program of Group Self-Insurance for workers' compensation risks, known as ALPHA Fund for healthcare districts, district hospitals, and nonprofits to offer alternative means of providing coverage of their workers' compensation risks ("ALPHA Fund") pursuant to that certain ALPHA Fund Joint Powers Agreement amended and restated as of May 9, 2011 (the "ALPHA Fund JPA");

WHEREAS, prior to the date of this Amended and Restated Agreement, BETARMA was a Group Self-Insurance Program covering the professional and comprehensive liability coverage needs of its public agency and nonprofit Members pursuant to the BETA Healthcare Group Risk Management Authority Joint Powers Authority Agreement first dated as of October 1, 1989 and most recently amended and restated as of April 4, 2014 (the "Original BETA JPA");

WHEREAS, the participants of ALPHA Fund and the Members of BETARMA voted to combine the joint powers authorities together into one entity, the BETARMA, to more efficiently and cost-effectively serve the needs of ALPHA Fund's participants and the Members;

WHEREAS, upon the Closing of the merger of ALPHA Fund into BETARMA, the surviving JPA entity will continue to be called BETA Healthcare Group Risk Management Authority or BETARMA and BETARMA shall have all right, title and obligation to and for all of the assets, obligations and liabilities that were ALPHA Fund's prior to the Closing;

WHEREAS, upon the Closing of the merger of ALPHA Fund into BETARMA, BETARMA shall have all contractual rights and obligations, claims and liabilities that were ALPHA Fund's prior to the Closing, including those in connection with all coverage provided by ALPHA Fund since its inception;

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived, and in consideration of the execution of this Agreement by healthcare districts, counties, other political subdivisions and qualified nonprofits which operate hospitals, clinics, medical foundations and other health-related facilities and/or provide related healthcare services, each of the parties hereto does hereby agree that upon the Closing (a) ALPHA Fund shall merge into BETARMA; (b) the Original BETA JPA and the original ALPHA Fund JPA shall be amended and restated into this Agreement as set forth below to

combine ALPHA Fund and BETARMA; and (c) the ALPHA Fund JPA and the Original BETA JPA shall be superseded by this Agreement.

General Recitals

WHEREAS, it is to the mutual benefit and in the best public interest of the parties to this Agreement to join together to enter into this Agreement for the purposes set forth herein;

WHEREAS, the development, organization and implementation of the Group Self-Insurance Programs are of such magnitude that it is necessary for the parties to join together through this Agreement in order to accomplish the purposes herein set forth;

WHEREAS, the parties have determined that there is a need by district hospitals, county hospitals, qualified nonprofits, government-owned hospitals, clinics and other health related facilities for Group Self-Insurance Programs and/or insurance purchasing programs for healthcare entity liability, workers' compensation and other coverages;

WHEREAS, such Group Self-Insurance Programs and/or insurance purchasing programs can adequately serve the needs of all the parties;

WHEREAS, Title 1, Division 7, Chapter 5 of the Government Code of the State of California authorizes joint exercise by two or more public agencies of any power common to them;

WHEREAS, it is the desire of the parties signing this Agreement to jointly provide for Group Self-Insurance Programs and/or insurance purchasing programs for healthcare entity liability, workers' compensation and other coverages for their mutual advantage;

WHEREAS, the different Group Self-Insurance Programs and/or group insurance purchasing programs offered under BETARMA shall be structured as lines of business, with distinct rates, services, coverage contracts and actuarial services;

WHEREAS, the State of California Senate and Assembly voted to approve Senate Bill No. 2004 in 1998, the Governor approved the Bill and the Secretary of State Chaptered the law effective January 1, 1999, as part of Government Code Section 6527, BETARMA may include as Members any nonprofit corporation which provides healthcare services where the BETA Council makes specified findings at a public meeting;

WHEREAS, the State of California Senate and Assembly voted to approve Assembly Bill No. 2078 in 2002, the Governor approved the Bill and the Secretary of State Chaptered the law effective September 20, 2002, as part of Government Code Section 6527, BETARMA may include as Members for Group Self-Insurance for workers' compensation risks any nonprofit corporation which provides healthcare services similar to services provided by a healthcare district;

WHEREAS, Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4;

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling certain self-insured claims and losses, administering claims, providing Risk Management and loss prevention programs and transferring risk between and among the parties, as permitted under this Agreement, section 6 of the California Constitution and as provided in Government Code Section 990.8, and/or jointly purchasing excess insurance, reinsurance and/or administrative services in connection with self-insurance and/or insurance programs for said parties;

WHEREAS, the parties desire to grow the membership of BETARMA, and enhance its productivity and ancillary revenues, and the potential to do so exists through a variety of marketing efforts and service

opportunities, it has been determined by the parties that there is value in offering Risk Management consulting services, claims consulting services and/or third-party claims administration services to non-Members, as well as to administer other joint powers authorities.

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived, and in consideration of the execution of this Agreement by healthcare districts, counties, other political subdivisions and qualified nonprofits which operate hospitals, clinics, medical foundations and other health-related facilities and/or provide related healthcare services, each of the parties hereto does hereby agree as follows:

I.

DEFINITIONS AND GENERAL PROVISIONS

1. "Administrator" shall mean the contractor or consultant retained, or staff employed by the BETA Council to administer the Group Self-Insurance Programs.
2. "ALPHA Fund" shall have the meaning set forth in the recitals to this Agreement.
3. "ALPHA Fund JPA" shall have the meaning set forth in the recitals to this Agreement.
4. "ACHD" shall have the meaning set forth in the recitals to this Agreement.
5. "Agreement" shall have the meaning set forth in the first paragraph of this agreement.
6. "Authority" shall mean BETA Healthcare Group Risk Management Authority, a California joint powers authority, as constituted under the Original BETA JPA and as the surviving JPA entity following the merger with ALPHA Fund under this Agreement.
7. "BETARMA" shall mean the Authority.
8. "BETA Council" shall mean the board of directors of BETARMA, consisting of representatives of Members, who are charged with the responsibility of governing BETARMA and its programs.
9. "Certificate of Coverage" shall mean the document issued to each Member evidencing its participation in one or more of the Group Self-Insurance Programs.
10. "Chief Executive Officer" shall mean the manager of the day-to-day affairs of BETARMA, appointed by the BETA Council.
11. "Closing" shall mean the date this Agreement is filed and becomes effective with the California Secretary of State pursuant to the terms and conditions of the Merger Agreement.
12. "County" shall mean any political subdivision denoted as such by law.
13. "Coverage Contract" shall mean a contract of group self-insurance through Risk Sharing, risk transfer and Risk Management, which defines the terms and conditions and the extent of BETARMA's coverage of a Member's liability.
14. "Fiscal Year" shall mean that period of time commencing January 1 of each year and ending on the following December 31.

15. "Funds" shall mean, unless the context otherwise specifies, all monies paid into BETARMA or any of its Group Self-Insurance Programs, including any earnings thereon or any other sums coming to BETARMA from any source.
16. "Governmental Entity" shall mean any political subdivision or nonprofit corporation operating a health facility, or any nonprofit corporation which is considered a local government agency for the purposes of pooling self-insurance claims or losses as stated in California Government Code Section 6527 and empowered to execute this Agreement under the laws of the State of California.
17. "Group Self-Insurance" shall refer to the concept of a group of individuals or organizations who collectively manage risks by setting aside a pool of money to be used when a loss occurs.
18. "Group Self-Insurance Program(s)" shall mean a self-insuring plan of group Risk Sharing, risk transfer and Risk Management created for the benefit of the Members that provides for the defense and payment of claims, Risk Management and program administration by Risk Sharing and the maintenance of reserve Funds and Fund Balance, and which ordinarily provides for the transfer of risks from a Member to BETARMA. The Group Self-Insurance Programs may be provided with or without a Member deductible and/or in excess of a Member's self-insured retention ("SIR"). The Authority anticipates there will be multiple Group Self-Insurance Programs with separate coverages, limits and rates.
19. "Member" shall mean any Governmental Entity that is a signatory to the JPAA and has current coverage through BETARMA or one of its affiliated programs, provided, however, that this definition shall not be construed to prevent BETARMA from extending coverage to any subsidiary, or wholly owned or affiliated entity, upon terms and conditions approved by BETARMA. A Governmental Entity with claims-made coverage which has purchased an extended reporting period or tail coverage and has not paid a contribution for claims occurring after the date of cancellation or termination shall be deemed a former Member and not a current Member. BETARMA is also a Member of BETARMA with all the rights and obligations of other Members except that, while it is entitled to vote as a Member, it may not have an elected representative on the BETA Council.
20. "Merger Agreement" shall mean the Agreement of Merger between BETARMA, ALPHA Fund and ACHD effective as of August 22, 2016.
21. "Occupied Beds" shall mean the daily average number of beds, cribs and bassinets used for patients during the coverage period.
22. "Original BETA JPA" shall have the meaning set forth in the recitals to this Agreement.
23. "Reserves" shall mean Funds, including but not limited to incurred but not reported claims reserves, not yet committed to the payment of a covered claim but held for the payment of claims.
24. "Reserve and Distribution Policy" shall have the meaning set forth in Article XV, Section 12.
25. "Risk Management" shall mean the process of identifying, evaluating, reducing, transferring, sharing, financing and eliminating risk. "Risk Management" includes various elements of patient safety, insurance, law, administration, technology, accounting and general business to effectively manage hazards and losses to which Members and non-Members may be exposed.
26. "Risk Sharing" shall mean any common fund or pool of monies: (1) which is composed of cash, investments permitted by Government Code Sections 53601, et seq., or other assets; (2) to which two or more Members have agreed to contribute in accordance with the terms of a Certificate of Coverage and a Coverage Contract in which participation is voluntary; (3) from which claim and defense expenses of any contributor to that common fund shall be paid to claimants by BETARMA on a Member's behalf; (4) from which administrative costs to operate and manage the Fund and

activities related to the purpose of the Fund shall be paid; and (5) which operates in accordance with this joint powers agreement.

27. "SIR" has the meaning set forth in Section 18 above.

II.

PURPOSES AND TERM

1. Purposes. The purposes of BETARMA are to provide and administer Group Self-Insurance Programs and/or insurance purchasing programs and services to its Members, as well as Risk Management consulting services, claims consulting services and third-party claims administration services to its Members and non-Members; to secure appropriate excess insurance and/or treaty or facultative reinsurance; to provide Members with the mechanisms to accumulate, administer and invest Funds to self-insure or insure as a group various exposures up to specified, predetermined limits of coverage; and to effect cost savings to Members in the administration of such Group Self-Insurance Programs and/or insurance purchasing programs as may be established by BETARMA in order to reduce the cost of healthcare to the patient-consumer.
2. Term. This Agreement shall become effective as of the date hereof and shall continue in full force and effect until it is terminated and BETARMA is dissolved, as provided herein. It is the intent of the parties hereto that the separate public agency created under this Agreement have an indefinite life and shall continue to exist so long as necessary to carry out the purposes of this Agreement, including the orderly wind-up of the affairs of BETARMA. It is the further intent of the parties that the withdrawal or termination of any Member from any Group Self-Insurance Program, insurance purchasing program and/or other program of BETARMA, or from BETARMA itself, shall not terminate such program or this Agreement as to the remaining Members therein nor relieve any Member or former Member from any obligations it may have under this Agreement, except as expressly provided in Article XXIII.

III.

CREATION OF AUTHORITY

Pursuant to Sections 6500, et seq. of the Government Code, there has been created a public entity, separate and apart from the parties hereto, known as BETA Healthcare Group Risk Management Authority. Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of BETARMA shall not constitute debts, liabilities or obligations of any party to this Agreement. No party to this Agreement shall have any right, title or interest in the assets of BETARMA, or in any contributions, consideration or property paid or donated by a party to BETARMA, or any of its programs, except as expressly provided in this Agreement.

IV.

ORGANIZATION & ADMINISTRATION

1. Responsibility. The overall responsibility for administration of Group Self-Insurance Programs, insurance purchasing programs or any other BETARMA program or activity of BETARMA shall be vested in the BETA Council.
2. Agents. Each Member hereby appoints the BETA Council and its delegates or designees to act as its agents in executing all contracts, reports, waivers, agreements and service contracts and to make

and arrange for the defense, settlement and payment of claims and all other things required for the proper and orderly operation of BETARMA.

3. Bylaws. BETARMA shall be governed pursuant to this Agreement and to the Bylaws. Amendment of the Bylaws may be proposed by any Member or BETA Council director. A copy of the proposed amendment and the reasons therefor shall be presented to the BETA Council, if not proposed by the BETA Council. All proposed amendments shall be approved by a two-thirds vote of the BETA Council. Upon its approval, the amendment shall be disseminated to all Members. The effective date of any amendment shall be the July 1st following adoption, unless otherwise stated in the amendment. Each party to this Agreement agrees to comply with and be bound by the provisions of the said Bylaws and further agrees that all Group Self-Insurance Programs, insurance purchasing programs and BETARMA shall be operated pursuant to this Agreement and the said Bylaws. In the event of any conflict between the Bylaws and this Agreement, this Agreement shall prevail.
4. BETA Council. The governing body of BETARMA shall be known as the BETA Council. Upon approval by the Members of this amended Agreement, the BETA Council shall continue in office and shall be responsible for overseeing the organization and operation of BETARMA and all of its programs, as provided herein. The BETA Council shall establish such policies and guidelines as may be necessary to carry out any BETARMA program. The organization and structure of the BETA Council shall be established in the Bylaws, as they may be amended as provided therein.
5. Assets and Liabilities of ALPHA Fund. As of the Closing, BETARMA has all right, title and obligation to and for all of the assets, obligations and liabilities that were ALPHA Fund's prior to the Closing.

V.

POWERS OF AUTHORITY

1. Common Powers. BETARMA shall have the following common powers and is hereby authorized to perform all acts necessary for the exercise of said common powers:
 - A. To make and enter into Risk Management services and consulting contracts for Members and non-Members, as well as contracts of insurance and self-insurance for its Members providing for risk pooling or sharing, whether or not subject to regulation under the Insurance Code, to the extent and in the manner permitted under Government Code Sections 990, 990.4, 990.8 and 6508, or any other provision of law;
 - B. To hire employees and contract with consultants, independent contractors and legal counsel;
 - C. To invest and reinvest money in the treasury of BETARMA pursuant to Government Code Sections 53601, et seq.;
 - D. To incur debts, liabilities or obligations;
 - E. To acquire, hold, lease or dispose of real or personal property;
 - F. To sue and be sued in its own name;
 - G. To establish and operate Group Self-Insurance Programs, insurance purchasing programs and/or joint purchasing programs designed to reduce the operating costs and/or improve patient safety for the Members;
 - H. To purchase excess insurance and/or reinsurance on behalf of Members and/or BETARMA;
and

- I. To exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law.
2. Restrictions on Powers. Said powers shall be exercised pursuant to the terms hereof, subject to the restrictions, if applicable to BETARMA, upon the manner of exercising the powers set forth in the Local Health Care District Law (Division 23 of the Health & Safety Code).

VI.

MEMBERS

1. Eligibility. The benefits of participation in BETARMA shall be available, pursuant to Section 6527 of the California Government Code, to nonprofit corporations which provide healthcare services that may be provided by a healthcare district, upon the following terms and conditions:
 - A. The BETA Council makes findings at a public meeting that: (1) the participation of the nonprofit corporation in BETARMA will be substantially related to and in furtherance of the governmental purposes of BETARMA; and (2) the healthcare district and other local governmental entity Members in BETARMA will maintain control over the activities of BETARMA through the governance, management or ownership of BETARMA;
 - B. A reserve account or accounts has been established and maintained by the Members sufficient to operate BETARMA on an actuarially sound basis;
 - C. The aggregate payments made on behalf of the Members under this Agreement shall not exceed the amounts available to BETARMA; and
 - D. A public meeting shall be held prior to any dissolution or termination of any enterprise of BETARMA operating under this section, to consider the disposition, division or distribution of any assets acquired as a result of the joint exercise of powers under this section.
2. Participation of Members. Members may participate in one or all of the Group Self-Insurance Programs, insurance purchasing programs and/or other joint purchasing programs. Each such program shall maintain appropriate records to account for its operating results of and the respective Members based on contributions, claims and other related revenues and expenses.

VII.

MEETINGS OF THE MEMBERS

1. Members' Meetings. There shall be an annual meeting of Members for the purpose of electing directors on the BETA Council and to transact any other BETARMA business. The annual election of BETA Council members may be commenced in advance of the annual meeting using a ballot pre-approved by the BETA Council which may be distributed to Members via mail, in person and/or electronically. Completed ballots may be submitted to BETARMA at or in advance of the annual meeting. The election will not be final until results are announced at the annual meeting. The annual meeting, and any additional meetings, shall be held at the call of the Chair. Twenty percent (20%) of the Members may also call a meeting of Members. Each Member may be represented at meetings by its chief executive officer, or his or her designee, only. If a designee is to represent the Member, written notice from the Member's Chief Executive Officer or Board of Directors shall be provided to BETARMA.

2. Minutes. The Secretary of BETARMA shall cause minutes of regular, adjourned regular and special meetings of the Members to be maintained upon approval by the BETA Council. The Secretary, with the BETA Council's approval, may delegate this task to the Administrator.
3. Quorum. Twenty-five percent (25%) of the Members shall constitute a quorum to transact business at any meeting of the Members. A vote of the majority of a quorum present at a meeting shall be sufficient to constitute action by the Members, except as otherwise specifically set forth in this Agreement or in the Bylaws.
4. Written Consent. The Members may approve certain matters by written consent in lieu of a meeting, which shall be governed by the Bylaws.

VIII.

BETA COUNCIL

1. Number. BETARMA shall be governed by the BETA Council which is hereby established and which shall be composed of not less than seven (7), nor more than twenty-one (21) directors who must be representatives of the Members. Directors shall be elected by the Members in accordance with the Bylaws of BETARMA. As required by California Government Code Section 6527(a)(2), a majority of the elected BETA Council members shall be from public agency Members, including counties and healthcare districts, so that political subdivision Members maintain control over the governance of BETARMA. For at least the first twenty-four (24) months following the Closing, at least twenty-five percent (25%) of the authorized BETA Council positions will be filled by representatives of Members in the Workers' Compensation Program who were participants of ALPHA Fund as of the "Effective Date" as defined in the Merger Agreement.
2. Term. Each elected director on the BETA Council shall serve for a term of four (4) years and until a successor is elected or appointed. Each elected BETA Council director shall have one (1) vote.
3. Vacancies. Vacancies on the BETA Council shall be filled as provided in the Bylaws.

IX.

POWERS OF THE BETA COUNCIL

1. Review of Executive Committee. The BETA Council may review all acts of the Executive Committee and shall have the power to modify and/or override any decision or action of the Executive Committee upon a majority vote of the entire BETA Council.
2. Budget. The BETA Council shall review, modify, if necessary, and approve the annual operating budget of BETARMA prepared by the Committee assigned this responsibility as defined in the Bylaws.
3. Financials. The BETA Council shall receive and review periodic accountings of all Funds under this Agreement.
4. Conduct of Business. The BETA Council shall have the power to conduct, on behalf of BETARMA, all business of BETARMA, including that assigned to the Executive Committee, which BETARMA may conduct under the provisions hereof and pursuant to law.
5. Contracts. The BETA Council shall have the authority to enter into contracts and to incur usual and necessary expenses for the accomplishment of its functions, to appoint and assign staff personnel, and to employ or contract for professional or consulting services to carry out and effect the functions

of BETARMA. Based on its policies and actions, the BETA Council may delegate to management appropriate authority to carry out these functions.

6. Miscellaneous Powers. The BETA Council shall have such other powers and shall perform such other functions as provided for in this Agreement.

X.

MEETINGS OF THE BETA COUNCIL

1. Meetings. The BETA Council shall provide for its regular, adjourned regular and special meetings upon call of the Chair, Vice Chair, the Executive Committee, a majority of the directors on the BETA Council or Chief Executive Officer of BETARMA, provided, however, that it shall hold at least four (4) regular meetings annually, as set forth in the Bylaws.
2. Minutes. The Secretary of BETARMA shall cause minutes of regular, adjourned regular and special meetings to be maintained upon approval by the BETA Council. The Secretary, with the BETA Council's approval, may delegate this task to the Administrator.
3. Quorum. A majority of the elected directors of the BETA Council shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of a quorum present at a meeting shall be sufficient to constitute action by the BETA Council, except as otherwise specifically set forth in this Agreement or in the Bylaws.

XI.

EXECUTIVE COMMITTEE

1. Number. There shall be an Executive Committee of the BETA Council, which shall consist of at least six (6) directors on the BETA Council as provided in the Bylaws.
2. Term. Each elected director on the Executive Committee shall serve for a term of two (2) years and until a successor is elected or appointed.
3. Vacancies. Vacancies on the Executive Committee shall be filled as provided in the Bylaws.

XII.

POWERS OF THE EXECUTIVE COMMITTEE

The BETA Council may delegate to the Executive Committee such powers as the BETA Council deems appropriate.

XIII.

MEETINGS OF THE EXECUTIVE COMMITTEE

1. Meetings, Minutes, Quorum. The Bylaws shall govern the calling of meetings, recording of minutes, establishment of a quorum, and filling of vacancies, among other things.
2. Reports. The Committee shall make periodic reports to the BETA Council, advising the BETA Council of its decisions, recommendations and activities.

XIV.

OFFICERS OF BETARMA

1. Chair, Vice Chair, Secretary and Treasurer-Auditor. The BETA Council shall elect from the BETA Council a Chair, Vice Chair, Secretary and Treasurer-Auditor of BETARMA for terms of not less than one (1) nor more than four (4) years, as provided in the Bylaws, each to hold office until a successor is elected. In the event an officer so elected ceases to be a Member of the BETA Council, the resulting vacancy in the office shall be filled at the next regular meeting of the BETA Council held after such vacancy occurs. The Executive Committee may appoint an interim officer pending action by the BETA Council. In the absence or inability of the Chair to act, the Vice Chair shall act as Chair. The Chair, or in his or her absence the Vice Chair, shall preside at and conduct all meetings of the BETA Council and shall chair the Executive Committee.
2. Other Officers. The BETA Council shall have the power to appoint such other officers as may be necessary to carry out the purposes of this Agreement.

XV.

CONTRIBUTIONS AND OPERATIONS

1. Contributions. The parties agree that each Member shall make payment of contributions for coverage under the applicable programs and the operations of BETARMA. The amount of such contribution for each Member shall be determined based upon the coverage and programs selected by, and underwriting factors applicable for, each Member and any rating amendments that are made a part of a Member's Coverage Contracts. It is agreed that there must be a timely and orderly method of determining and paying such contributions. The BETA Council is therefore authorized and directed to establish the base rates of contribution for all Members. Members acknowledge that the base rates established by the BETA Council for coverage under the Group Self-Insurance Programs may reflect changes in coverage, exposures, excess insurance and/or reinsurance premiums and administrative costs, as well as the past or projected experience of the Members, as a group, and the judgment of the Administrator. Such rates will not necessarily reflect the experience of an individual Member during any specific period of participation. Consequently, there can be no assurance that current or former Members will benefit equally from changes in the Group Self-Insurance Programs (including, but not limited to, changes in eligibility for credits, dividends or enlargements of coverage grants), nor that the burdens will be equally shared. The timely payment of all contributions, deductibles, penalties and/or other fees to BETARMA shall be a condition precedent to the continuation of participation by each Member in the Group Self-Insurance Programs and BETARMA and eligibility to receive various Member benefits, including but not limited to dividends. A Member has no title or interest in the Member's or other Members' contributions or any type of dividend, whether equitable or otherwise, except as expressly provided in this Agreement.
2. Annual Nature of Contributions. Participation in the Group Self-Insurance Programs, except initial participation which may be less than one year, shall be for one year at a time commencing July 1 and ending June 30 (the contract period), subject to termination at any time upon either the Group Self-Insurance Programs or Member giving proper notice as provided in the Coverage Contract accepted by a Member. Participation may be renewed for additional contract periods by submitting to BETARMA such information as the Administrator may require or may specify in an application for coverage or Coverage Contract, and by remitting to BETARMA, upon such payment schedule as BETARMA shall specify, the Member's contribution for the following year. BETARMA may elect to non-renew a Member as specified in the Coverage Contract.

3. Computation and Notice of Rates.

- A. The base rates to be used in calculating contributions for each Member for participation in the Group Self-Insurance Programs shall be determined by the BETA Council not less than sixty (60) days prior to the commencement of the coverage year and communicated to all current Members as soon as practicable thereafter.
- B. The Administrator, in consultation with the Actuary, shall determine the rates to be submitted to the BETA Council for review and approval. Rate computations may take into account factors including, but not limited to, the total number of Occupied Beds, outpatient visits, inpatient visits, physicians on the medical staff, surgeries and employees, and Member payroll, as well as reinsurance premiums, administrative costs and loss experience of the individual Member and of all Members. The Administrator and/or the BETA Council may also consider industry trends and other factors and methods commonly used by insurers in rate setting. Individual Members may pay a rate that is greater or less than the base rates established by the BETA Council if the Administrator determines that changes in loss experience or the Member's risk profile warrant a rate adjustment.

- 4. Loss Prevention and Risk Management. Members agree to follow the loss prevention and Risk Management recommendations of the Administrator and to abide by all conditions, requirements, rules and regulations regarding loss prevention and Risk Management which may be promulgated by the BETA Council.
- 5. Right to Inspect. As provided in the Coverage Contracts, each Member agrees that the BETA Council, Administrator or any of their respective agents, servants, employees or attorneys shall be permitted at any reasonable time to inspect Member's property and operations and to examine Member's books, documents and records as necessary in the proper operation of the Group Self-Insurance Programs or BETARMA.
- 6. Audit. The BETA Council shall obtain an annual audit of the financial affairs of the Group Self-Insurance Programs and BETARMA by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principles. Copies of the annual audit report shall be delivered to each Member. The costs to audit BETARMA, as a whole, shall be charged to each Group Self-Insurance Program, as appropriate, in management's determination.
- 7. Management Audits. The BETA Council shall arrange for periodic audits of each Group Self-Insurance Program by a qualified consultant. Such audit(s) may consider one or more of the following areas: underwriting, claims and/or investment management, administrative procedures and practices, claims reserving and such other activities as may be determined by the BETA Council. The BETA Council is also empowered to retain an independent actuary in connection with such audits.
- 8. Binding Nature. Any Governmental Entity which makes application for participation in a Group Self-Insurance Program or any other BETARMA program and is accepted as a Member and signs this Agreement shall thereupon become a party to this Agreement and shall be bound by all the terms and conditions hereof, provided, however, that any Governmental Entity may be refused admission to BETARMA or any of its programs in the sole absolute and unreviewable discretion of the Administrator and/or BETA Council.
- 9. Deposit of Funds. Members shall pay contributions into the Group Self-Insurance Programs and other BETARMA programs. The contributions and income therefrom shall be accumulated to pay the administrative costs of BETARMA and claims against Members together with allocated costs, up to a specified amount to be determined from time to time by the BETA Council. Members may also pay contributions for participation in group insurance purchasing and/or other programs to BETARMA, which shall be administered by the BETA Council pursuant to the provisions of those programs, this Agreement and the Bylaws. Each Group Self-Insurance Program shall receive and account for

Funds separately, but Funds may be commingled at financial institutions and with investment managers. Funds received by BETARMA shall be deposited and invested in accordance with the laws of the State of California pertaining to the investment of excess funds of healthcare districts.

10. Contributions by Members. Without in any way limiting the powers otherwise provided for in this Agreement, the Bylaws or by statute, BETARMA shall have the power and authority to receive, accept and utilize the services of personnel offered by any Member or its representatives or agents; to receive, accept and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend and disburse Funds by contract or otherwise, for purposes consistent with the provisions of this Agreement, which Funds may be provided by any Member, its agents or representatives. BETARMA shall account and disburse Funds for each Group Self-Insurance Program separately.
11. Excess Insurance and Reinsurance. BETARMA shall obtain or cause to be obtained such excess insurance and/or reinsurance as may be necessary and prudent in the judgment of the BETA Council. The expense of such excess insurance or reinsurance shall be paid from the Funds of BETARMA. If, because of financial, administrative and/or program design reasons, obtaining excess insurance and/or reinsurance with or in conjunction with other entities affiliated with BETARMA is in the best interests of BETARMA and/or its Members, then such joint marketing, presentation and/or analysis of data and purchasing of excess insurance and/or reinsurance is authorized by BETARMA. BETARMA will maintain sufficient excess insurance and reinsurance necessary for each Group Self-Insurance Program, even if this requires separate insurance coverage.
12. Determination of Reserves and Distribution of Surplus. Based upon input from Actuary, the BETA Council shall, from time to time, adopt a policy determining how reserves will be calculated and whether and how any surplus will be distributed to Members of each Group Self-Insurance Program (a "Reserve and Distribution Policy").

XVI.

CLAIMS ADMINISTRATION & PAYMENT OF EXPENSES OF THE GROUP SELF-INSURANCE PROGRAMS

1. General. The principal purpose for the establishment and administration of the Group Self-Insurance Programs is to provide for the orderly presentment, examination, investigation, defense and/or settlement of certain identified claims made against the Members. It is agreed and understood that BETARMA shall use the sums contributed by all the Members in connection with each Group Self-Insurance Program to pay such claims and related expenses for all the Members and BETARMA's administrative costs.
2. Entities with Self-Insured Retentions or Captives. BETARMA may offer excess coverage and/or claims administration services to entities that maintain SIR or captive insurance programs. Such entities may elect not to retain BETARMA to provide claims administration services or may access BETARMA's claims administration services differently than described in this section. In such instances, the entire scope of claims administration services and responsibilities will be addressed in the Coverage Contract issued to the Member and/or a separate third-party claims administration agreement.
3. Presentment of Claims. The services and benefits to be provided under the Group Self-Insurance Programs shall be paid by or furnished to or for the benefit of a Member with respect to a particular incident or claim only if BETARMA is notified as required by the Coverage Contract.
 - A. Upon presentation of a claim to BETARMA under a Group Self-Insurance Program, the following accounting procedures shall be followed in connection with such claim:
 - i. The claim shall be evaluated as to probable loss exposure and defense cost.

- ii. The sum so determined shall be established as a Reserve following presentation of the claim. Such reserved sum shall be held for the administration and payment of such claim, and for no other purpose.
 - iii. The Reserves shall be adjusted from time to time based upon the most recently available information related to such claims.
 - iv. Claims for each Group Self-Insurance Program shall be maintained and administered separately.
 - B. At each regularly scheduled BETA Council meeting, the Administrator shall advise the BETA Council regarding the current status of major claims against Members.
4. Investigation and Defense. Except as provided in Article XVI Section 2 above, the Administrator will investigate, or cause to be investigated, all such claims referred to in the foregoing paragraphs and will attempt to adjust or settle such claims, in accordance with the authority delegated to the Administrator by the BETA Council and the Member involved. Each party to this Agreement hereby delegates such authority, subject only to the terms and conditions of the Group Self-Insurance Programs in which the Member participates. As required by, and subject to, the provisions of the Coverage Contracts, BETARMA, through designated defense counsel, will provide legal defense of claims against Members. The Member agrees to cooperate fully with BETARMA in such matters and to provide and make available all information and personnel as may be reasonably required in the opinion of Administrator to fully investigate and defend the claim.
 5. Payment of Claims. For claim payments in excess of the authority delegated to the Administrator, the Administrator shall pay claims as directed by the BETA Council at regularly scheduled or special meetings. It is understood that the BETA Council and Administrator shall use their discretion in making judgments and assumptions as to the actual value of any claim and setting such Reserves based on such judgments.
 6. Installment Payment of Judgments. The Administrator is authorized to seek authority for periodic payment of judgments as authorized by law.

XVII.

TERMINATION OR WITHDRAWAL OF A MEMBER

1. Withdrawal of a Member. A Member may terminate its participation in a Group Self-Insurance Program, or in other BETARMA programs, or from all programs of BETARMA and from BETARMA itself, by giving at least thirty (30) calendar days' written notice of withdrawal, unless otherwise provided in the Coverage Contracts, insurance policies, Certificates of Coverage or other contracts issued by or through BETARMA directly or indirectly. A withdrawing Member shall remain liable for any unpaid amounts due BETARMA including but not limited to contributions (including late payment fees) and/or claim deductible amounts which shall have accrued or will accrue under any Coverage Contract, insurance policy, Certificate of Coverage or other contracts and for any liability it may have to BETARMA itself through the effective date of termination. Upon its voluntary withdrawal or its termination as a Member in BETARMA, a former Member becomes ineligible to participate in any other BETARMA program, except that the rights of a Member after termination shall be limited to those benefits, such as the defense and indemnity of claims covered under Coverage Contracts issued by BETARMA which have accrued as of the date of termination as determined by the provisions of the Coverage Contracts or other evidence of coverage and/or insurance issued to the Member. A withdrawing or terminating Member shall have no other rights in any assets of BETARMA or any BETARMA program, whether denominated as Fund balance, equity, surplus, dividends, credits, contributions or otherwise, unless the circumstances described in Article XXIII apply to such withdrawal.

2. Involuntary Termination. A Member may be terminated by BETARMA from any BETARMA program, or from BETARMA itself, for:
 - A. Failure to comply with any term or condition of the Coverage Contracts, insurance policies and/or Certificates of Coverage issued by BETARMA; or
 - B. With or without cause, upon a two-thirds vote of the directors on the BETA Council.
3. Adjustment. Whether termination is voluntary or involuntary, a Member shall remain liable for any unpaid contributions, late payment fees and/or deductible amounts which shall have accrued prior to withdrawal or termination of its participation in a Group Self-Insurance Program, or any other BETARMA program, or BETARMA itself or deductible amounts which accrue after withdrawal or termination. Adjustment for amounts of contributions due to the Group Self-Insurance Program upon termination shall be made within thirty (30) calendar days of the time at which cancellation is effective.
4. No Continued Liability. Except as provided in Paragraph XVII, Sections 1 and 3, after a Member withdraws or terminates, such withdrawing party shall not be subject to assessment to maintain the solvency of any Group Self-Insurance Program or other program of BETARMA.

XVIII.

ADMINISTRATOR

1. Appointment of Administrator. The BETA Council shall appoint or employ an experienced and qualified Administrator to administer BETARMA, including the Group Self-Insurance Programs. Such Administrator may be a person, association, partnership, corporation, contracted or employed staff or any other form of entity.
2. Duties of Administrator. The Administrator shall have all such duties and authorities as may be delegated to it by the BETA Council. If the Administrator is not the employed staff of BETARMA, the BETA Council shall enter into a service agreement or establish policies and procedures which shall specify all of the duties and obligations of the Administrator.

XIX.

DEPOSITORIES

1. Designation of Depositories. The BETA Council shall appoint one or more institutions qualified under the laws of California to act as a depository for the Funds of BETARMA.
2. Duties. In accordance with policy guidelines established by the BETA Council, the BETA Council and its Treasurer-Auditor shall be responsible for depositing and investing all Funds of the Group Self-Insurance Programs and such other Funds of BETARMA as the BETA Council may direct. The BETA Council may appoint one or more investment managers and may delegate investment decisions to such firms, subject to BETARMA's Investment Policy. Custody of all Funds shall be maintained by one or more lawful depositories out of which expenses, claims and settlements on behalf of the Group Self-Insurance Programs may be paid as directed by the Administrator. The Treasurer-Auditor, with the BETA Council's approval, may delegate the above tasks to the Administrator.
3. Terms and Conditions. Depositories shall be paid such reasonable compensation as shall be agreed upon from time to time by BETA Council, pursuant to a written contract establishing terms and conditions under which services will be provided. Said compensation shall be an expense of each Group Self-Insurance Program and BETARMA.

XX.

ACCOUNTS AND RECORDS

1. Annual Budget. The BETA Council shall annually adopt an operating budget for BETARMA.
2. Funds and Accounts. The Treasurer-Auditor of BETARMA shall establish and maintain, and shall cause each Depository to establish and maintain, such Funds and accounts as required by the BETA Council and as required by good accounting practice. Books and records of BETARMA in the hands of the Treasurer-Auditor shall be open to any inspection at all reasonable times by the BETA Council and as otherwise required by law. The Treasurer-Auditor, with the BETA Council's approval, may delegate the above tasks to the Administrator.
3. Bond. A bond in the amount determined adequate by the BETA Council may be required of any officers and personnel authorized to disburse Funds of BETARMA. Such bond shall be paid for by BETARMA.

XXI.

ACTUARY

1. Appointment. The BETA Council shall retain an Actuary.
2. Duties. Actuary shall have all duties as may be delegated to it by the BETA Council in a written contract between Actuary and the Administrator. It is contemplated that the duties of Actuary may include but not necessarily be limited to the following:
 - A. Recommend base rates;
 - B. Review and comment on rating practices;
 - C. Complete an annual claims Reserve review;
 - D. Provide input on new lines of coverage;
 - E. Provide input on risk retention and reinsurance; and
 - F. Provide input on market conditions, trends and financial assumptions.
3. Payment. The professional fee and reimbursement of reasonable expenses paid to the Actuary for its services shall be an expense of the Group Self-Insurance Programs, except as to any actuarial services provided for insurance programs of BETARMA. The professional fee may be based on a flat sum, an hourly rate or another method as the parties may specify. Unless otherwise specified in the contract, the professional fee shall be full payment by BETARMA for discharge of Actuary's duties.
4. Termination. The contract between BETARMA and Actuary may be terminated by either party on thirty (30) days' written notice to the other party of such termination, in which event Actuary shall be paid for all services rendered by it up until the effective date of such termination, but shall not be paid for any work it may do thereafter except as otherwise specifically agreed. Upon termination, Actuary shall return all books, records, files and other items pertaining to the Group Self-Insurance Programs and any other program of BETARMA, or its Members, to BETARMA or its designee promptly upon request by the BETA Council or the Administrator.

XXII.

LEGAL COUNSEL

1. Appointment. The BETA Council shall appoint an attorney for BETARMA to serve as General Counsel, whose services may be made available to the Group Self-Insurance Programs upon request by the BETA Council or Administrator. The BETA Council may retain Special Counsel as needed.
2. Payment. The professional fees of General and any Special Counsel for services rendered to BETARMA shall be based on a retainer, an hourly rate or other method as the parties may specify. The professional fees shall include all normal overhead expenses of General and Special Counsel except items such as duplication of copies, long-distance telephone calls, hotels, motels, travel or other items not incidental to normal office overhead.
3. Termination. The contract between BETARMA and General Counsel may be terminated by either party on thirty (30) days' written notice to the other party of such termination, in which event General Counsel shall be paid for all services rendered by it up until the effective date of such termination, but shall not be paid for any work it may do thereafter except as otherwise specifically agreed. Upon termination, General Counsel shall return all books, records, files and other items pertaining to a Group Self-Insurance Program and any other program of BETARMA, or its Members, to BETARMA or its designee, promptly upon request by the BETA Council or the Administrator.

XXIII.

AMENDMENT AND TERMINATION

1. Amendment.
 - A. Members may amend this Agreement at any time by an instrument in writing approved by a majority vote of the BETA Council and executed by a majority of the Members, provided, however, that no amendment shall retroactively reduce the benefits which any Member is entitled to receive under any Coverage Contract for any coverage year in which a Member was a fully qualified Member in the Group Self-Insurance Programs, without the Member's written consent.
 - B. Upon approval as above by the BETA Council, and upon execution of any amendment by a majority of the Members, the said amendment shall immediately be effective and binding upon all Members. Any Member that has failed to sign the amendment shall have the option of withdrawing from BETARMA on the first day of the month following the month in which a majority of the Members have completed approval of the amendment, or remaining in BETARMA and being bound by such amendment.
2. Termination by Agreement. Members may terminate a Group Self-Insurance Program, or any insurance program of BETARMA, or BETARMA without a successor program or entity effective as of the end of the then-current coverage year, by an instrument in writing approved by a majority vote of the BETA Council and executed by a majority of the Members, provided, however, if a Group Self-Insurance Program or any insurance program of BETARMA or BETARMA shall be so terminated, such termination shall not reduce or terminate the rights, benefits and obligations of any Member as to any claim theretofore presented.
3. Termination by Withdrawals. If, at any time, by reason of withdrawals or terminations of Members, the Actuary shall advise and the BETA Council concurs that a Group Self-Insurance Program or any insurance program of BETARMA is no longer economically feasible or actuarially sound, then such program or programs shall be terminated and dissolved by the BETA Council.

4. Disposition of Funds upon Termination. Upon termination of a Group Self-Insurance Program or any other program of BETARMA, BETARMA shall retain in a liquidation Fund such sums up to the entire amount held by BETARMA for the benefit of the Members in such program as the BETA Council deems sufficient to pay the remaining obligations of the Group Self-Insurance Program or other program. In the alternative, BETARMA may insure or reinsure all outstanding liabilities of Members in such program. Any Funds remaining after termination of the Group Self-Insurance Program or other program of BETARMA, after adequate provision for all liabilities and claims hereunder, shall be distributed to Members and former Members in the same proportion as each Member's (or former Member's) net contributions paid by that Member, reduced by the amount of losses and allocated claims expenses paid on behalf of that Member, bear to net contributions paid by all Members, reduced by the total losses and allocated claims expenses paid on behalf of all Members from the inception of the Group Self-Insurance Program or other program of BETARMA to its termination. If BETARMA insures or reinsures all outstanding liabilities of Members, any Funds remaining in excess of amounts necessary to pay the cost of such insurance or reinsurance shall be distributed to Members in accordance with this Section, not later than twelve (12) months after payment of the final insurance or reinsurance premium. If BETARMA elects to liquidate the liabilities by means of a liquidation Fund, any excess Funds shall be distributed not later than twenty-five (25) years following the date of termination of the Group Self-Insurance Program or any other program of BETARMA. The BETA Council shall determine such distribution within six (6) months after disposal of the last pending claim or loss covered by the program being terminated.
5. Termination of BETARMA. BETARMA itself may be terminated and dissolved in the same manner and subject to the same conditions as any Group Self-Insurance Program or other program may be terminated, provided that, in addition, the Treasurer-Auditor shall disburse any Funds in the treasury not held by a Depository as directed by the BETA Council. The BETA Council is vested with all powers of BETARMA for the purpose of winding up and dissolving the business affairs of BETARMA.

XXIV.

CLAIMS, LITIGATION OR JUDGMENTS AGAINST BETARMA

1. Defense of Claims. As to any claim or action against BETARMA which is based on or arises out of an occurrence involving a BETA Council Member or officer or employee of BETARMA during the course and in the scope of such duties, who is also a director, officer or employee of a Member, such claim or action against BETARMA will be defended by BETARMA to the extent authorized by law. Such claims or actions shall not be considered claims or actions against such Member solely as a result of employment by BETARMA.
2. Claims and Judgments against BETARMA. Claims and judgments against BETARMA, its agents, the BETA Council Members, officers or employees, shall be paid from, or charged to, the appropriate coverages or self-insured Funds BETARMA has established and/or purchased against such claims, judgments or losses.
3. Arbitration. All disputes concerning, arising out of or relating to this Agreement shall be submitted to binding arbitration, unless all parties to the dispute agree in writing to a different procedure than outlined in this section.
 - A. Governing Law and Waiver of Right to Jury Trial. The arbitration will be governed by the California Arbitration Act, Sections 1280, et seq. of the Code of Civil Procedure. BETARMA and each Member waive the right to court remedies, including a jury trial.
 - B. Rules of Construction. In all such arbitrations, this Agreement shall be considered a contract arrived at by mutual negotiation and consent and not a contract of adhesion and, therefore, shall not be construed liberally in favor of or strictly against any party. This Agreement shall be

construed without regard to any presumption or rule requiring construction against the party causing an instrument or any portion of it to be drafted, or in favor of any party.

- C. Exhaustion of Administrative Remedies. Before resorting to arbitration, any Member shall first exhaust any internal dispute resolution procedures and/or administrative remedies, including but not limited to requesting a hearing before the BETA Council.
- D. Commencing Arbitration. After exhausting all administrative remedies, BETARMA or a Member shall deliver notice to the other parties to a dispute that they intend to arbitrate the dispute (the "Dispute Notice").
- E. Selecting Arbitrators. Three Arbitrators shall hear every dispute. Within thirty (30) days of the date of delivery of a Dispute Notice, (1) BETARMA shall select an Arbitrator and deliver notice of such Arbitrator to the other parties to the dispute; and (2) if there is more than one Member involved in the dispute, those Members shall collectively select another Arbitrator and deliver notice of such Arbitrator to BETARMA. These two Arbitrators shall choose a third Arbitrator by mutual agreement (the "Neutral Arbitrator"). An "Arbitrator" must be someone who is a retired judge with at least fifteen years' of experience adjudicating claims against insurers. If any party should fail to choose an Arbitrator within thirty (30) days following the Dispute Notice, the other party may choose two Arbitrators.
- F. Hearing and Evidence. Absent mutual written agreement of the parties, each party will present its case to the Arbitrators within thirty (30) days following the date of appointment of the Neutral Arbitrator. The Neutral Arbitrator shall be the judge of the relevance and admissibility of the evidence offered and is not required to follow the strict rules of evidence.
- G. Decision. The decision of a majority of the Arbitrators shall be final, binding on all parties and not subject to any rights of appeal. Judgment upon the final decision of the Arbitrators may be entered in any court of competent jurisdiction.
- H. Remedies. The Arbitrators shall be limited to the remedies that could be awarded by the Superior Court of the State of California.
- I. Expenses. Except as the Arbitrators may otherwise decide, each party shall bear the expense of its own Arbitrator and shall jointly and equally bear with the other the expense of the Neutral Arbitrator and other costs associated with the arbitration. In the event that the two Arbitrators are chosen by one party, as provided above, the expense of the Arbitrators, the Neutral Arbitrator and the arbitration shall be equally divided between the two parties. The Arbitrators shall equitably allocate payment of the costs and attorneys' fees of the parties in light of the Arbitrators' evaluation of the relative merits or lack thereof of the respective claims of the parties.
- J. Location. Any arbitration proceedings shall take place in Walnut Creek, California, or a mutually agreed upon location in California.

XXV.

MISCELLANEOUS

1. Entire Agreement and Binding Nature. This Agreement contains the entire agreement of the parties and supersedes all discussions, negotiations or promises made prior to the execution of this Agreement. This Agreement shall be binding upon and inure to the benefit of the original parties hereto and any substitute or additional parties who are bound hereby in accordance with the provisions hereof, their successors and assigns.

2. Notices. Any notices required by law or this Agreement shall be sufficient if given in writing and deposited in the United States mail, postage prepaid, addressed to the Member at the last address on file with BETARMA and/or sent electronically to the last email address on file with BETARMA. Notices to be given to BETARMA shall be directed to such physical and/or electronic addresses as BETARMA shall designate for such purpose.
3. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be judged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.
4. Successors. This Agreement shall be binding upon and shall inure to the benefit of successors of the parties.
5. Counterparts. This Agreement may be executed in one or more counterparts and shall be deemed effective as to all signatories as though signed in one document.
6. Inspection of Records. BETARMA shall make all of its documents, books and records related to the operations and administration of the Group Self-Insurance Programs available to Members and the public as required by law.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunto duly authorized as of _____, 2017.

The parties hereto confirm that they have also reviewed and approved the Agreement of Merger as defined in Article 1, Section 20 of this Agreement.

Tulare Local District Hospital
Tulare Regional Medical Center

By: _____

Print Name: _____

Title: _____

Workers' Compensation Risk Assessment

NAMED INSURED: _____ Policy Effective Date: _____

A. INSURED OPERATIONS:

Total number of employees: Full Time _____ Part Time _____ FTEs _____

Is it a Union Operation? Yes No % of union employees: _____%

Specify operations that are union: _____

Percentage of work subcontracted: _____% Specify type of work or department (s) subcontracted: _____

Are Certificates of Insurance, evidencing WC coverage, required, obtained and current on file for all subcontractors? Yes No

Do you lease workers? Yes No If yes, describe type of labor leased and identify leasing company: _____

Who is responsible to provide WC coverage to leased workers? Leasing Company You

Do you lease workers to others? Yes No If yes, explain _____

If yes, who is responsible to provide WC coverage to leased workers? Client Company You

Does the facility provide Prison Inmate Health/Medical Care? Yes No

If yes, is the facility completely separate from main hospital? Yes No Locked Unit? Yes No

B. Hiring Practices/Employee Selections/Claims Reporting

Reference Checks	<input type="checkbox"/> Yes <input type="checkbox"/> No	Use of Background Checking Svc	<input type="checkbox"/> Yes <input type="checkbox"/> No
Pre-Hire Physicals Required	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is there a formal Job Description on file	<input type="checkbox"/> Yes <input type="checkbox"/> No
Post-Hire Physicals Required	<input type="checkbox"/> Yes <input type="checkbox"/> No	Post-Accident Drug Testing	<input type="checkbox"/> Yes <input type="checkbox"/> No
Pre-Employment Drug Testing	<input type="checkbox"/> Yes <input type="checkbox"/> No	How many Volunteers on active roster?	_____
Volunteer Labor Used	<input type="checkbox"/> Yes <input type="checkbox"/> No → → → →		
Temporary Labor Used	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Formal Employee Orientation Program?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Are personnel files documented for pre-existing injuries?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Do you have a formal and written accident report?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Are there formal procedures for reporting claims?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Average Claim reporting time frame:	_____

Active Return-to-Work Program? Yes No Describe RTW program or attach written procedure: _____

C. Vehicle and Driving Exposure:

Identify number of company vehicles _____ PPTs/Light _____ Med. & Heavy Trucks _____ Truck-Tractors

Number of regular drivers of company vehicles: _____

Number of employees who regularly drive their own vehicles on company business: _____

Percent of travel which exceeds a 150 mile radius? _____%

Any group transportation of employees? Yes No

Are Motor Vehicle Records (MVRs) checked on all company drivers? Yes No

Does company participate in DMV Driver Pull Program? Yes No

D. Workers' Compensation Medical Provider:

Is a specific occupational medical provider or network used to treat injured workers? Yes No

If yes, please identify the provider or network: _____

E. Loss Prevention and Safety:

Name and Title of person(s) responsible for managing loss prevention and safety: _____

Formal safety program/IIPP Yes No Safety Incentive Plan Yes No

New Employee Orientation Plan Yes No

Documented Safety Meetings Yes No → → → Frequency: _____

Safety Incentive Program? Yes No

Workplace Safety Committee? Yes No

Training/Re-Training Programs Yes No → → → Frequency: _____

Written Safe Patient Handling Program? Yes No

Equipped with Ceiling Lifts? Yes No → → → If so, how many?: _____

Active Ergonomics Program? Yes No

Accident Investigation Program Yes No

Has Cal/OSHA visited or cited your business in the last year? Yes No

Lock-out/Tag-Out Program? Yes No Hazard Communications Program Yes No

Bloodborne Pathogens Program Yes No

Respiratory program in place? Yes No

MSDS (Material Safety Data Sheets) available for all chemicals and products used? Yes No

Forklifts used on premises? Yes No

If yes, advise: # of Forklifts? ___ # of Drivers? ___ Training provided? Yes No Certified? Yes No

Any premises or jobsite security provided? Yes No If yes, please describe: _____

F. Exposure History/Payroll:

	<u>Total Annual Payroll</u>	<u>Premium \$</u>
Upcoming Year:	_____	_____
Current Year:	_____	_____
Prior Year:	_____	_____
Prior Year:	_____	_____
Prior Year:	_____	_____
Prior Year:	_____	_____
Prior Year:	_____	_____

G. Aircraft/Watercraft Exposure

Do you own, charter, or lease any aircraft or watercraft? Yes No If yes, complete **Aircraft Supplemental Form.**

H. Loss Experience Reports:

Provide copies of *detailed* loss runs, by policy year, for the current year and the previous **seven** years, valued within the past 60 days. (*Detailed loss runs must include by policy year, values for total incurred, total paid, total reserves, total allocated loss expenses and*

*total number of claims. Loss runs must also include individual listing of all claims and accident-cause descriptions for each claim or the **LARGE LOSS EXHIBIT FORM** must be complete for losses in excess of \$250,000.*

Faxed

I. Audited Financial Statements

Provide two years' current audited financial statements inclusive of accompanying auditor's opinion and notes. If audited statements have not been prepared within the last 9 months, we would also need interim (pro-forma) statements.

Emailed date: _____



Our File: _____

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

Tulare Local District Hospital/Tulare Regional Medical Center

Street Address of Main Headquarters:

869 North Cherry Street

Mailing Address (if different from above):

Federal Tax ID No.:

94-6002897

City, State, Zip Code

Tulare, CA 93274-2287

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: **David McGhee** Title: **Vice President of Workers' Compensation**

Company Name: **BETA Healthcare Group Risk Management Authority**

Mailing Address: **P.O. Box 619084**

City: **Roseville** State: **CA** Zip + 4: **95661**

Telephone Number: **916-266-6100**

Email: _____

Type of Public Entity (check one):

City and/or County School District Police and/or Fire District Hospital District Joint Powers Authority

Other (describe): **Non-Profit**

Type of Application (check one):

New Application Reapplication due to Merger or Unification Reapplication due to Name Change

Other (describe) _____

Date Self Insurance Program will begin: **11/22/2017**

 CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

 Currently Insured with State Compensation Insurance Fund, Policy Number:

Policy Expiration Date: _____ Yearly Premium: \$ _____

Current Yearly Incurred (paid & unpaid) Losses: \$ _____ (FY or CY)

 Currently Self Insured, Certificate Number: _____

Name of Current Certificate Holder: _____

 Other (describe): _____

 JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

 Yes No If yes, then complete the following:

 Effective date of JPA Membership: **11/22/2017** JPA Certificate No.: **5803**

Name and Title of JPA Executive Officer:

Tom Wander

Name of Joint Powers Authority Agency:

BETA Healthcare Group Risk Management Authority

Mailing Address of JPA:

1443 Danville Boulevard

City: _____ State: _____ Zip + 4: _____

Alamo
CA
94507

 Telephone Number: **925-838-6070**

 PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

 JPA will administer, JPA Certificate No.: **5803**
 Third party agency will administer, TPA Certificate No.: _____

 Public entity will self administer Insurance carrier will self administer

Name of Individual Claims Administrator:

Jamie Goff

Name of Administrative Agency:

BETA Healthcare Group Risk Management Authority

Mailing Address:

P.O. Box 619084

City: _____ State: _____ Zip + 4: _____

Roseville
CA
95661

 Telephone Number: **916-266-6100** FAX Number: **916-266-0314**

Number of claims reporting locations to be used to handle the agency's claims: One

Will all agency claims be handled by the administrator listed on previous page? Yes No

AGENCY EMPLOYMENT

Current Number of Agency Employees: 50

Number of Public Safety Officers (law enforcement, police or fire): _____

If a school district, number of certificated employees: _____

Will all agency employees be included in this self insurance program? Yes No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? Yes No

Individual responsible for agency Injury and Illness Prevention Program:
Name and Title:

Larry Blitz, CEO

Company or Agency Name:

Tulare Regional Medical Center

Mailing Address:

869 N. Cherry Street

City:

Tulare

State:

CA

Zip + 4:

93274

Telephone Number: 4082933446

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? Yes No

If yes, then complete the following:

Name of Carrier or Excess Pool: N/A

Policy Number: N/A

Effective Date of Coverage: N/A

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy? Yes No

If yes, then complete the following:

Name of Carrier or Excess Pool: **Safety National Casualty Corporation**

Policy Number: **SP 4057123**

Effective Date of Coverage: **07/01/2017**

Retention Limits: **\$2,000,000**

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy? Yes No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION OF GOVERNING BOARD

See Attached Resolution-Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official: _____

Date: _____

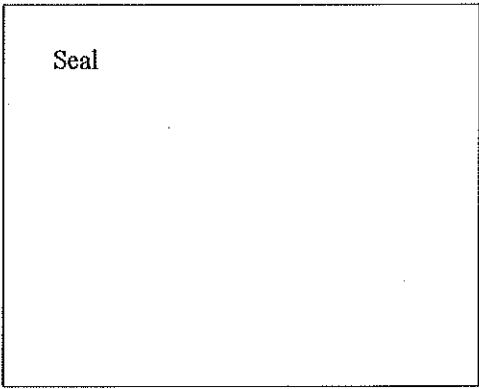
Typed Name: _____

Title: _____

Chief Executive Officer

Agency Name: _____

Tulare Regional Medical Center



(Emboss seal above or Notarize signature)

RESOLUTION NO.: _____ DATED: _____

A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF INSURE
WORKERS' COMPENSATION LIABILITIES

At a meeting of the Board of Directors
(enter title)

of the Tulare Regional Medical Center
(enter name of public agency, district)

a Non-Profit
(enter type of agency) organized and existing under the laws of

the State of California, held on the _____ day of _____, 20____, the

following resolution was adopted:

RESOLVED, that the Chief Executive Officer
(enter position titles)

be and they are hereby severally authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the

Tulare Regional Medical Center
(enter name of district)

and to execute any and all documents required for such application.

I, _____, the undersigned _____
(enter name) (enter title)

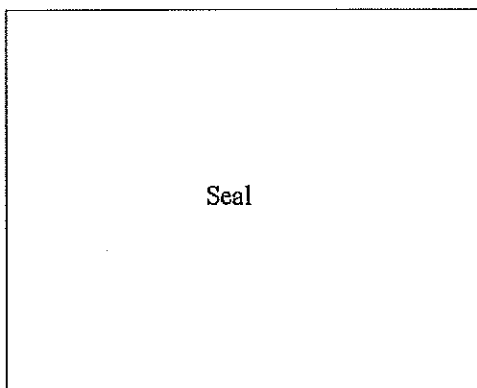
of the Board of the said Tulare Regional Medical Center
(enter name of agency)

a Non-Profit, hereby certify that I am the _____
(enter type of agency) (enter title)

of said Non-Profit, that the foregoing is a full, true and correct copy of the resolution duly
(enter type of agency)

passed by the Board at the meeting of said Board held on the day and at the place herein specified and that said resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

IN WITNESS WHEREOF: I HAVE SIGNED MY NAME AND AFFIXED THE SEAL OF THIS



Non-Profit
(enter type of agency)

THIS _____ DAY OF _____, _____

(Signature)

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: January 31, 2018

Title to Appear on Agenda: Revolving Line of Credit Facility with CNH Finance Fund I LP (Accounts Receivable based Financing)

Brief Description: TRMC needs to obtain funds totaling approximately \$15 Million to get the Hospital re-opened and fully functional in the near future. A portion of this funding will come via an Operating Line of Credit.

Background and Details: The Wipfli/HFS team has solicited bids from two major line of credit providers. After much review, it is recommended that CNH Finance Fund I LP be selected to provide the financing.

The key terms proposed include a Revolving Line maximum of \$7,000,000, based on availability of 85% of Net Collectible Value of TRMC's eligible Accounts Receivable up to 150 days in age.

Term of the Agreement will be 24 months. Interest will be at Prime plus 3%.

All other key terms are included in the offer letter, and the funding under this proposal is subject to (CNH's) due diligence, legal documentation, and credit committee approval.

Exhibits: See attached letter from CNH Finance Dated January 29, 2018.

Recommended Action: That the Board authorize the Hospital's Executive team to pursue the Line of Credit financing with CNH Finance as outlined

CNH FINANCE

Timothy Peters
Managing Principal

CNH Finance LP
2 Greenwich Plaza
4th Floor
Greenwich, CT 06830
(203) 742-3051

January 29, 2018

Mr. Anthony Taddey
Consultant
Tulare Regional Medical Center
869 N Cherry St
Tulare, CA 93274

Via Electronic Mail

Dear Mr. Taddey;

We are pleased to advise you that CNH Finance, LP ("CNH") will consider establishing a \$7,000,000 revolving line of credit facility (the "Revolver") under the terms and conditions set forth below for Tulare Regional Medical Center ("Borrower"). The proceeds of this proposed financing will be used for working capital needs of the Borrower upon the opening of the hospital. Please note that any funding under this proposal is subject to due diligence, legal documentation and credit committee approval.

Borrower: Tulare Regional Medical Center

Lender: CNH Finance Fund I LP

Facility: A \$7,000,000 Revolving Credit Facility.

Revolver Availability: Availability under the Revolving Credit Facility shall be an amount equal to the amount of up to 85% of the Net Collectable Value of Borrower's accounts receivable due from eligible direct and third-party payors up to and including 150 days.

Term: 24 months

Interest: Interest on the outstanding balance of the Revolver shall be payable monthly in arrears at an annual rate of Prime plus 3%.
Interest on the outstanding balance shall be calculated on the basis of the actual number of days elapsed in a 360 day year. Collections of cash by Lenders under the Revolver shall be credited to Borrower's obligations thereunder on a daily basis, subject to four business clearance days.

Fees: Borrower shall pay CNH Finance a collateral management fee of .20% per month due and payable monthly in arrears.
After the initial 90 days after closing, Borrower shall pay Lenders an unused line fee of one half percent (0.50%) per month of the average unused portion of the Revolver.

Please initial upon approval _____

Borrower shall pay Lenders a fully earned, non-refundable origination fee of 1% of the Facility Amount, due and payable in full upon the funding of the initial loans under the Facility.

Revolver Prepayment:

If the Facility is prepaid prior to the end of the Term, Borrower shall pay to Lenders a fee as compensation for the costs of being prepared to make funds available to Borrower throughout the Term equal to an amount determined by multiplying the Revolver Commitment Amount by 3.0% in year 1 and 2.0% in year 2.

Other Terms:

- (1) Borrower shall maintain and pay for lockboxes for collections of Borrower's accounts receivables.
- (2) Borrower shall pay Lancaster Pollard .75% of the Facility Amount as an investment banking fee from the initial proceeds of the loan

Financial Covenants:

Borrower will be required to maintain a minimum loan turn, fixed charge covenant amount or a comparable debt service coverage ratio to be agreed upon by Borrower and Lender after due diligence.

Loan Documents:

Borrower shall execute and deliver to CNH Finance such loan and security agreements, instruments, documents, certificates, opinions and assurances as are reasonable and customary for similar loans, and as CNH Finance may reasonably require in connection with the closing of the Facility.

CNH Finance shall receive an opinion from Borrower's counsel satisfactory to CNH Finance.

Facility Costs:

All reasonable costs associated with the Facility, including, but not limited to CNH Finance's out-of-pocket expenses associated with the transaction, professional fees, appraisal fees, recording fees, search fees, and filing fees will be paid by Borrower regardless of whether the transaction closes. Upon acceptance of the general terms of this letter and Credit Committee approval, Borrower shall remit a non-refundable legal deposit of \$15,000.

The terms of the Facility as set forth herein are for discussion purposes only and this term sheet does not imply in any way a commitment by CNH Finance to enter into the Facility or to submit the Facility to CNH Finance's credit committee for approval. CNH Finance may terminate its review of the Facility at any time in its sole discretion. CNH Finance will make the loans summarized above only upon further due diligence and underwriting of the transaction, approval through CNH Finance's credit approval process, CNH Finance's continuing satisfaction with the financial and business conditions of the Borrower and its principals, and receipt of documentation and assurances satisfactory to CNH Finance and its legal counsel. This term sheet does not purport to specify all of the terms, conditions, representations and warranties, covenants and other provisions that will be contained in the final financing documents for the Facility, if approved by CNH Finance. The Facility shall be subject to such other terms, covenants and conditions as CNH Finance deems appropriate in its sole discretion.

This term sheet is being delivered in reliance that all information provided to Lenders is and will be accurate and complete. The contents of this term sheet may not be shared with any third party without CNH Finance's

Please initial upon approval _____

prior written consent, except for management and regulatory bodies on a need-to-know basis. All persons who are informed of the contents of this term sheet also need to be informed that such contents are confidential and cannot be disclosed without CNH Finance's prior written consent.

Notwithstanding anything else contained herein, Borrower hereby expressly agrees to be bound by the provisions of this term sheet relating to confidentiality, exclusivity and expense reimbursement.

This term sheet supersedes all previous discussions, communications and proposals relating in any way to the Facility and shall expire if not executed by Borrower and returned to CNH Finance by 5:00pm EST on February 5, 2018.

CNH Finance, LP hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act") and CNH Finance, LP's policies and practices, CNH Finance, LP is required to obtain, verify and record certain information and documentation that identifies each Borrower, which information includes the name and address of each Borrower and such other information that will allow CNH Finance, LP to identify each Borrower in accordance with the Act.

We appreciate the opportunity to furnish this proposal to you. If you have any questions, please do not hesitate to call.

Very Truly Yours,

[sent via email]
Timothy Peters
Principal
CNH Finance, LP

Agreed and accepted this ___ day of _____, 20__.

Tulare Regional Medical Center

By: _____

Name: _____

Title: _____

Please initial upon approval _____