

CITY OF WATERTOWN, NEW YORK
AGENDA
Monday, October 5, 2026
7 p.m.

This shall serve as notice that the next regularly scheduled meeting of the City Council will be held on Monday, October 5, 2026, at 7:00 p.m. in the City Council Chambers, 245 Washington Street, Watertown, New York.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

ADOPTION OF MINUTES

COMMUNICATIONS

PRIVILEGE OF THE FLOOR

PUBLIC HEARING

7:15 p.m.	City of Watertown 2024 Community Development Block Grant Annual Action Plan Amendment Public Hearing
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RESOLUTIONS

Resolution No. 1 -	Accepting a Flexible Spending Account Administrator Proposal from HealthEquity for the 2027 Plan Year
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ORDINANCES

LOCAL LAW

Proposed Local Law of 2026 -	A Local Law Amending the Code of the City of Watertown, Chapter 301: Water
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OLD BUSINESS

STAFF REPORTS

1. Scheduling a Public Hearing on the Proposed Strategic Plan
2. Proposed City of Watertown Social Media Policy
3. NYS Retirement System 2028 Employer Contribution Rate

NEW BUSINESS

EXECUTIVE SESSION

To discuss the employment history of a particular individual or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal, or removal of a particular person or corporation.

To discuss collective bargaining.

ADJOURNMENT

WORK SESSION

Next Work Session is scheduled for Tuesday, October 13, at 7:00 p.m

NEXT REGULARLY SCHEDULED CITY COUNCIL MEETING IS MONDAY, OCTOBER 19, 2026.

Public Hearing – 7:15 p.m.

October 5, 2026

To: The Honorable Mayor and City Council

From: Michael A. Lumbis, Planning and Community Development Director

Subject: City of Watertown 2024 Community Development Block Grant Annual Action Plan Amendment Public Hearing

A Public Hearing has been scheduled for 7:15 p.m. on October 5, 2026, as part of the effort to gather public input on the proposed amendment to the City's Community Development Block Grant (CDBG) 2024 Annual Action Plan.

On May 20, 2024, the City Council adopted the City's 2024 Community Development Block Grant (CDBG) Annual Action Plan. The plan included various projects for the 2024-2025 Fiscal Year. One of the projects came under budget: the 531 Bradley Demolition Project. One of the projects could not be started, the 518 Pine Street Transitional Hosing SRO.

The United States Department of Housing and Urban Development (HUD) requires the City of Watertown to officially amend an Annual Action Plan if the budget of a particular project changes by more than 25 percent, if the scope of a project changes significantly, if a project is eliminated from the plan, or if a new project is added.

Staff has drafted an amendment to the 2024 Annual Action Plan that reflects the budget changes and the addition of one new project, the 405 Arsenal Street Demolition Project. The draft amendment is attached for your review and is also available for review on the City's website at: <https://www.watertown-ny.gov/CDBGPublicCommentOpportunities>

On September 22, 2026, the City advertised in the *Watertown Daily Times* that the plan was available for public review and comment. The 30-day public comment period is currently underway and the City will be accepting comments on the proposed amendment through October 23, 2026.

After the conclusion of the public comment period, Staff will incorporate any comments that are received into the final draft of the plan amendment and will present a resolution to adopt the amendment for City Council consideration at the November 2, 2026, meeting.



**AMENDMENT
TO THE CITY OF WATERTOWN'S
COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM YEAR 2024 ANNUAL ACTION PLAN
DRAFT – SEPTEMBER 23, 2026**

On May 20, 2024, the City Council of the City of Watertown adopted the City's Community Development Block Grant (CDBG) Annual Action Plan for Program Year 2024. The plan included various projects for the 2024-2025 Fiscal Year, several of which this amendment will modify, either in scope or in budget or both.

The list of projects and their originally approved budget amounts are listed below:

Proposed Project	Approved Budget
Huntington Street Water Main Replacement Project	\$500,000.00
Thompson Park ADA Ramp Replacement Project 2024	\$82,736.00
Northwest Target Area Tree Planting Project 2024	\$15,000.00
531 Bradley Street Demolition Project	\$65,000.00
Homebuyer Program 2024	\$140,000.00
518 Pine Street Transitional Housing SRO	\$25,000.00
Fair Housing Education 2025	\$5,000.00
WSCD Food for Families (Backpack) Program	\$8,000.00
Program Administration 2024	\$42,000.00
Total	\$882,736.00

This amendment changes the budget for several of the above-identified projects. CDBG regulations and our Citizen Participation Plan allow some flexibility for changes in project costs as the City implements the various programs and projects. The City may increase or decrease individual budget line items by up to 25 percent without amending the Annual Action Plan. However, in the case of the 531 Bradley Street Demolition Project, the actual cost was approximately a 54 percent decrease from the originally budgeted amount. Also, in the case of the 518 Pine Street Transitional Housing SRO Project, which could not be completed due to the closure of the facility, the project cost decreased by 100%. Additionally, one new project has been added to the 2024 Annual Action Plan to use the remaining funding. The decrease in the budget

line items for these two projects and the addition of one new project necessitated an amendment. The other project with change to its budget, the Northwest Target Area Tree Planting Project 2024, changed by less than 25 percent.

The 531 Bradley Street balance and the 518 Pine Street allocation collectively total \$54,895.71 under budget. The City proposed to reallocate the surplus to pay for one project that is over budget and one new project. \$1,005 would be allocated to the Northwest Target area Tree Planting and \$53,890.71 would be allocated to the new 405 Arsenal Street Demolition Project.

Below is the revised CDBG Program Year 2024 Annual Action Plan budget, following all approved revisions:

Proposed Project	Amended Budget
Huntington Street Water Main Replacement Project	\$500,000.00
Thompson Park ADA Ramp Replacement Project 2024	\$82,736.00
Northwest Target Area Tree Planting Project 2024	\$16,005.00
531 Bradley Street Demolition Project	\$35,104.29
Homebuyer Program 2024	\$140,000.00
518 Pine Street Transitional Housing SRO	\$0.00
Fair Housing Education 2025	\$5,000.00
WSCD Food for Families (Backpack) Program	\$8,000.00
Program Administration 2024	\$42,000.00
405 Arsenal Street Demolition Project	\$53,890.71
Total	\$882,736.00

The following is the description for the above identified new project:

405 Arsenal Street Demolition Project:

This project will involve the demolition of a blighted structure located at 405 Arsenal Street in the City's Northwest Target Area. The project will remove a blighted structure and will aid in the prevention of blight spreading to adjacent properties.

10	Project Name	405 Arsenal Street Demolition Project
	Target Area	Near West
	Goals Supported	Neighborhood Stabilization and Revitalization
	Needs Addressed	Blight Elimination
	Funding	CDBG: \$53,890.71
	Description	The project will involve the demolition of a blighted structure at 405 Arsenal Street in the City's Near West Target Area. The project will remove a blighted structure and will aid in the prevention of blight spreading to adjacent properties.
	Target Date	3/14/2026
	Estimate the number and type of families that will benefit from the proposed activities	Not applicable
	Location Description	This project will take place at 405 Arsenal Street
	Planned Activities	A dilapidated retail property and attached single family residential home located on the parcel will be demolished and the site will be restored.

Citizen Participation

The City's Community Development Block Grant Program has an adopted Citizen Participation Plan that outlines various steps that the City must take in order to engage the public in the development of our Annual Action Plans and any amendments to them. While developing this amendment to the City's Program Year 2024 Annual Action Plan, the City Council scheduled a public hearing on the proposed amendment for Tuesday, October 5, 2026 at 7:15 p.m. in the City Council Chamber of City Hall. On September 22, 2026, the city advertised in the *Watertown Daily Times* to notify the public of the public hearing date and time and to announce the start of a 30-day public comment period that will last from September 23, 2026 to October 23, 2026.

The City also conducted outreach by email to several agencies identified in our citizen participation plan notifying them of the proposed changes and made the proposed amendment available for review at City Hall in the Planning and Community Development Department, the City Clerk's Office, at the Roswell P. Flower Memorial Library, at the Watertown Housing Authority and on our website at <https://www.watertown-ny.gov/CDBGPublicCommentOpportunities>.

October 5, 2026

To: The Honorable Mayor and City Council

From: Eric F. Wagenaar, City Manager

Subject: Accepting a Flexible Spending Account Administrator Proposal from HealthEquity for the 2027 Plan Year

The City of Watertown offers a Flexible Spending Account (FSA) program to all full-time employees as part of its employee benefits package. Participation is voluntary and allows employees to set aside pretax funds to pay for eligible health care and dependent care expenses. The City contracts with an outside administrator to manage these accounts and process employee claims.

The City's current agreement with OneDigital expires on December 31, 2026. OneDigital has advised the City that it will not renew its agreement, making it necessary to select a new administrator to continue providing this benefit beginning January 1, 2027.

Mercer, the City's benefits broker, conducted a request for proposals process on the City's behalf and received five proposals from Clarity, HealthEquity, TASC, WEX, and HSA Bank. A comparison of the proposals is attached for review.

Following a panel review of the proposals and interviews with the three (3) finalist vendors, staff recommends entering into an agreement with HealthEquity for an initial three-year term beginning January 1, 2027, and ending December 31, 2029. The agreement will automatically renew for additional 12-month terms. Following the initial term, either party may terminate the agreement at any time by providing 90 days' prior written notice. As outlined in the attached recommendation from HR Benefits Specialist Misty Rodriguez, HealthEquity offers competitive pricing and services, an easy-to-use employee interface, and customer support suited to the needs of City employees.

Accordingly, a resolution has been prepared for City Council consideration.

Criteria	Clarity	Health Equity	TASC	WEX	HSA Bank
PRICING & COSTS					
Per-Participant Monthly Cost	\$3.75 PPM	\$3.50 PPM	\$4 PPM	\$3.75 PPM	\$3.00 PPM
Total for currently enrolled - 90 HCFA and 2 DCFA	\$345 per Month / \$4,140 Annually	\$322 per Month / \$3,864 Annually	\$368 per Month / \$4,416 Annually	\$345 per Month / \$4,140 Annually	\$276 per Month / \$3,312 Annually
Total for 330 Employees	\$1,237.50 per Month / \$14,850 Annually	\$1,155 per Month / \$13,860 Annually	\$1,320 per Month / \$15,840 Annually	\$1,237.50 per Month / \$14,850 Annually	\$990 per Month / \$11,880 Annually
Setup/Implementation Fee	\$250 one time fee	\$250 one time fee	\$195 one time fee	No fee	\$500 one time fee
COVERAGE & BENEFITS					
Carryover Amount	Yes	Yes	Yes	Yes	Yes
Grace Period (days)	Yes	Yes	Yes	Yes	Yes
Forfeiture Rules	Standard	Standard	Standard	Standard	Standard
TECHNOLOGY & INTEGRATION					
Online Portal Available	Yes	Yes	Yes	Yes	Yes
Mobile App Available	Yes	Yes	Yes	Yes	Yes
Real-Time Claim Status	Yes	Yes	Yes	Yes	Yes
Reimbursement Debit Card	Yes	Yes	Yes	Yes	Yes
API/Payroll Integration	Yes	Limited	Yes	Yes	File feed (SFTP)
Manual Entry Option	Yes	Yes	Yes	Yes	Yes
Document Upload Capability	Yes	Yes	Yes	Yes	Yes
SERVICE & SUPPORT					
Customer Support Hours	8am-6pm EST	8am-5pm ET	8am-5pm EST	8am-5pm CT	24/7
Support Methods	Phone, Email, Chat	Phone, Email	Phone, Email, Chat	Phone, Email	Phone, Email, Chat, Mobile
Dedicated Account Manager/team	Yes	Yes	No	Yes	Yes
Implementation/Training Support	TBD	4-6 weeks	~ 3 weeks	8-12 weeks	8-12 weeks
COMPLIANCE & SECURITY					
HIPAA Compliant	Yes	Yes	Yes	Yes	Yes
SOC 2 Type 2 Certified	Yes	Yes	Yes	Yes	Yes
Data Encryption	Yes	Yes	Yes	Yes	Yes
Annual Compliance Audit	Yes	Yes	Yes	Yes	Yes



CITY OF WATERTOWN, NEW YORK

HR OFFICE
SUITE 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601
Tel: (315) 785-7755

Date: 9/24/26

To: Eric Wagenaar, City Manager

From: Human Resources

Re: Flex Spending Account Administrator Proposal from Health Equity

Our Flex Spending Account contract with OneDigital will end on 12/31/2026 and Mercer, our benefits broker, has completed a bid comparison for renewal. We received a total of five (5) competitive offers, Clarity, Health Equity, TASC, WEX and HSA Bank. Of these five (5), it is our recommendation that the City pursue a one-year contract with Health Equity. The cost comparison is attached below; Health Equity has a competitive benefits summary when compared to other proposed administrators while also offering an easy user interface and high quality customer support. We believe it is important to be the most effective in the services we solicit for our employees.

Respectfully,

Misty Rodriguez

Misty Rodriguez
HR Benefits Specialist



CITY OF WATERTOWN, NEW YORK

HR OFFICE
SUITE 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601
Tel: (315) 785-7755

Criteria	Clarity	Health Equity	TASC	WEX	HSA Bank
PRICING & COSTS					
Per-Participant Monthly Cost	\$3.75 PPPM	\$3.50 PPPM	\$4 PPPM	\$3.75 PPPM	\$3.00 PPPM
Total for currently enrolled - 90 HCFA and 2 DCFSA	\$345 per Month / \$4,140 Annually	\$322 per Month / \$3,864 Annually	\$368 per Month / \$4,416 Annually	\$345 per Month / \$4,140 Annually	\$276 per Month / \$3,312 Annually
Total for 330 Employees	\$1,237.50 per Month / \$14,850 Annually	\$1,155 per Month / \$13,860 Annually	\$1,320 per Month / \$15,840 Annually	\$1,237.50 per Month / \$14,850 Annually	\$990 per Month / \$11,880 Annually
Setup/Implementation Fee	\$250 one time fee	\$250 one time fee	\$195 one time fee	No fee	\$500 one time fee
COVERAGE & BENEFITS					
Carryover Amount	Yes	Yes	Yes	Yes	Yes
Grace Period (days)	Yes	Yes	Yes	Yes	Yes
Forfeiture Rules	Standard	Standard	Standard	Standard	Standard
TECHNOLOGY & INTEGRATION					
Online Portal Available	Yes	Yes	Yes	Yes	Yes
Mobile App Available	Yes	Yes	Yes	Yes	Yes
Real-Time Claim Status	Yes	Yes	Yes	Yes	Yes
Reimbursement Debit Card	Yes	Yes	Yes	Yes	Yes
API/Payroll Integration	Yes	Limited	Yes	Yes	File feed (SFTP)
Manual Entry Option	Yes	Yes	Yes	Yes	Yes
Document Upload Capability	Yes	Yes	Yes	Yes	Yes
SERVICE & SUPPORT					
Customer Support Hours	8am-6pm EST	8am-5pm ET	8am-5pm EST	8am-5pm CT	24/7
Support Methods	Phone, Email, Chat	Phone, Email	Phone, Email, Chat	Phone, Email	Phone, Email, Chat, Mobile
Dedicated Account Manager/team	Yes	Yes	No	Yes	Yes
Implementation/Training Support	TBD	4-6 weeks	~ 3 weeks	8-12 weeks	8-12 weeks
COMPLIANCE & SECURITY					
HIPAA Compliant	Yes	Yes	Yes	Yes	Yes
SOC 2 Type 2 Certified	Yes	Yes	Yes	Yes	Yes
Data Encryption	Yes	Yes	Yes	Yes	Yes
Annual Compliance Audit	Yes	Yes	Yes	Yes	Yes

RESOLUTION

Page 1 of 1

Accepting a Flexible Spending Account
Administrator Proposal from HealthEquity
for the 2027 Plan Year

Council Member GARRABRANT, Shane A.

Council Member KIMBALL, Robert O.

Council Member OSBORNE Jr, Douglas E.

Council Member SHOEN, Benjamin P.

Mayor PIERCE, Sarah V.C.

Total

YEA	NAY

Introduced by _____

WHEREAS the City of Watertown offers a voluntary Flexible Spending Account program to its full-time employees as part of its employee benefits package, and

WHEREAS the City's agreement with its current administrator, OneDigital, expires on December 31, 2026, and OneDigital has advised the City that it will not renew the agreement, requiring the selection of a new administrator for the 2027 plan year, and

WHEREAS Mercer, the City's benefits broker, conducted a request for proposals process on the City's behalf and received five proposals from Clarity, HealthEquity, TASC, WEX, and HSA Bank, and

WHEREAS following a panel review of the proposals and interviews with the three (3) finalist vendors, staff recommends accepting HealthEquity's proposal based on its competitive pricing and services, ease of use, and customer support,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown, New York, hereby accepts the proposal from HealthEquity, attached hereto and made part of this resolution, to administer the City's Flexible Spending Account program beginning January 1, 2027, and ending December 31, 2029, with automatic renewals for additional 12-month terms thereafter, subject to either party's right to terminate following the initial term upon 90 days' prior written notice in accordance with the agreement, and

BE IT FURTHER RESOLVED that the City Manager, or their designee, is hereby authorized and directed to execute the agreement necessary to implement this proposal on behalf of the City of Watertown.

Seconded by _____



Order Form

Employer:

City of Watertown NY
245 Washington St Ste 203
Watertown, NY 13601

Effective Date*: 1/1/2027
Initial Term End Date: 12/31/2029

Payment Method: ACH Debit
Payment Terms: Within 30 days of receipt of invoice
Service Charge on Overdue Amounts: 2% Per Month

Services:

Service Name	Fee Type	Fee	Description
FSA	Admin Fee	\$3.50 PPPM	Per Participant Per Month
Balance Transfer - Previous TPA	Additional Service Fee	\$0.00	Balance transfer from previous TPA. During plan year (mid-year transitions), HQY will work with the Employer's previous administrator to obtain election amounts and balances. At the start of their plan year and after the Grace Period, HQY will work with the previous administrator to take over balances.
Implementation Fee	Implementation Fee	\$250.00	
Plan Documents - Initial	Additional Service Fee	\$0.00	Administrative fees are waived for initial Plan Document and Summary Plan Description (SPD) (while employer is in implementation). Ongoing Plan Document and SPD service must be requested separately.
Non-Discrimination Testing - Initial	Additional Service Fee	\$0.00	Administrative fees are waived for initial nondiscrimination testing. Ongoing nondiscrimination testing session must be requested separately (fees may apply).

Terms and Conditions:

- This Order Form is subject to HQY's General Terms and Conditions of Service that may be viewed at https://resources.healthequity.com/Documents/Employer/General_Terms_and_Conditions_All_Accounts.pdf, and all terms defined therein shall have the same meaning in this Order Form unless otherwise specified herein.
- *This Order Form shall be effective as of 1/1/2027 (unless this Order Form is incomplete or does not match our records). Billing shall commence upon start of Service(s) or next billing period following the effective date, whichever is later.

Employer ACH Debit Authorization

Bank Name:	
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Bank Address:	
ABA Routing No. (9 digits):	
Direct Deposit Account No:	
Finance Contact Email:	

Signature:

Name (print):

Title:

Employer:

Date:

General Terms and Conditions

These General Terms and Conditions govern the provision of services to you, and your Affiliates designated in writing (individually and collectively, "Employer") and are an integral part of the agreement between Employer and HealthEquity, Inc., ("HQY"), which enters this agreement on its own behalf and on behalf of its Affiliates. HQY and Employer each may be referred to as "Party" or collectively as "Parties". An "Affiliate" is defined as any business entity or enterprise, which controls, is controlled by, or is under common control with, a Party. These General Terms and Conditions must be read in conjunction with all Schedules and Order Forms (collectively, the "Agreement"). **BY SIGNING THE ORDER FORM REFERENCING THESE GENERAL TERMS AND CONDITIONS OR ACCESSING HQY'S EMPLOYER PORTAL OR USING ANY SERVICES, EMPLOYER AGREES THAT IT HAS READ THESE GENERAL TERMS AND CONDITIONS AND AGREES TO BE BOUND BY THE AGREEMENT.** Notwithstanding anything to the contrary contained herein, if Employer has a relationship with a health plan or other administrative entity governing the provision of any Services, such Services (including any fees associated in connection therewith) will be governed and controlled by the terms of such relationship, and nothing herein shall be intended to conflict in any manner with such relationship.

1 General.

- 1.1 Services. Employer engages HQY, and HQY agrees to be so engaged, on the terms and conditions set forth in this Agreement to provide certain services (the "Services") as selected on Employer's online application or other mutually agreed to order form or documentation (each an "Order Form"). The Parties agree that HQY may provide the Services using different technology platforms and may also modify or change technology platforms in its discretion so long as the Services are provided, and HQY shall remain responsible to provide the Services, in accordance with the applicable Schedule(s).
- 1.2 Schedules. "Schedule" refers to each of the schedules attached to these General Terms and Conditions. Each Schedule will: (i) describe the tasks to be performed by the Parties in connection with the Services outlined in that Schedule and (ii) include the fees and expenses associated with the Services outlined in that Schedule (to the extent not otherwise listed in the Order Form). The Order Form selecting the Services to be provided hereunder will designate the applicability of the Schedules (meaning that, if a particular Service is not identified on an Order Form between the Parties, that corresponding Schedule shall not apply for purposes of this Agreement). Employer shall cooperate on a timely basis with HQY and perform the activities reasonably required by HQY to enable HQY to fulfill its obligations and responsibilities under this Agreement. In the event of any conflict between these General Terms and Conditions and any Schedule or Order Form to this Agreement, the applicable Order Form shall control with respect to these General Terms and Conditions and any Schedule, and any Schedule shall control with respect to these General Terms and Conditions for the specific Services provided in that Schedule only.
- 1.3 Employer Responsibility. Employer has exclusive responsibility for providing HQY with timely and accurate information and data as necessary for HQY to provide the Services.
- 1.4 Plan Administrator; Fiduciary. With respect to employee benefit plans and programs subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Employer acknowledges and agrees that it is the "plan administrator" and "fiduciary" within the meaning of ERISA of such employee benefit plans or programs (each a "Plan" or, collectively, the "Plans") sponsored by Employer, and that HQY is an independent contractor engaged to perform the agreed upon Services in a non-fiduciary capacity. Employer must obtain the prior written consent of HQY to all references to HQY, or to its products or services, in all communications or documents pertaining to the Plan(s) prepared by Employer, or on Employer's behalf, unless the reference identifies HQY only as a service provider or the reference is required in an IRS Form 5500 or similar filing or document required by ERISA or the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the foregoing, in no event may Employer identify or refer to HQY as "administrator," "plan administrator," "plan sponsor," "fiduciary," "plan fiduciary," or any similar title. It is understood and agreed between HQY and Employer that any such written consent of HQY shall not be considered a representation that HQY has reviewed or approved the content of such communication or document except as to those matters set forth in this Subsection 1.4 for which consent is required. Employer has the responsibility to pay all fees or penalties arising from the Plans that are assessed by the Internal Revenue Service, the Department of Labor, and/or other federal, state, or local governmental agencies.
- 1.5 Implementation. HQY will provide Employer with an implementation plan and the Parties will work in good faith to implement the Services and other arrangements contemplated by this Agreement in accordance with the terms hereof and applicable laws and regulations. Each of the Parties will designate an employee to facilitate and manage the implementation in order to provide services to employees of Employer. If Employer makes changes to its eligibility file

after implementation has already been performed by HQY, thus requiring implementation to be reperformed, then HQY may charge a fee as specified in on the Order Form.

2 Term.

The term of this Agreement shall begin on the date set forth in the applicable Order Form or, in the event that a date is not specified in an applicable Order Form, the date that HQY receives eligibility or contribution information related to Employer's employees (the "Effective Date") and continue until the expiration or earlier termination of all Schedules.

3 Communications and Relationship Management.

- 3.1 HQY contact designation. HQY will designate a contact or team responsible for responding to inquiries and requests made by Employer.
- 3.2 Employer communications. Employer will provide HQY with a list of personnel duly authorized to receive and furnish information or instructions ("Employer Communication") and HQY may, without further review or verification, honor or act upon any Employer Communication.
- 3.3 Notices. Except for invoices and billing-related communications, any notices required or permitted to be given by one Party to the other under this Agreement shall be deemed given when (i) hand delivered and acknowledged, (ii) sent by certified or registered mail, or (iii) sent by overnight carrier, as listed below:

If to HQY:

HealthEquity, Inc.
Attention: General Counsel
121 West Scenic Pointe Drive
Draper, UT 84020

If to Employer:

The address as listed on the Order Form

Email communications are also acceptable so long as (A) the notice is signed and provided as a letter attachment to the email (not just as text in the email, unless otherwise permitted for a particular notice under this Agreement) and (B) the written communication is subsequently and timely delivered in accordance with subsections (i)-(iii) of this Section. Either Party may update its contact information or address for receipt of notices under this Section by providing prior written notice of such change(s) to the other Party.

4 Representations and Warranties; Disclaimer.

- 4.1 Applicable Laws. For purposes of this Agreement, "Applicable Law" means laws, regulations, rules or orders of the applicable government agency or jurisdiction to the extent such laws, regulations, rules or orders apply to the relevant Party in the performance of its obligations under the Agreement. Additionally, "Data Privacy Law" means all laws, rules, regulations, governmental requirements, codes as well as international, federal, state, and provincial laws applicable to Personal Information, and "Personal Information" means any information related to an identified or identifiable person.
- 4.2 Full Power and Authority. Each Party represents and warrants to the other Party that (i) it has the full right, power, and authority to enter into and perform its obligations under this Agreement, and (ii) no other contractual obligation exists that would prevent Employer from entering into this Agreement or performing its obligations under this Agreement.
- 4.3 HQY Warranties. HQY represents and warrants that (i) it will perform the Services in a workmanlike manner, using reasonable skill and care; (ii) it has all material permits and licenses required for it to operate its business and to perform the Services; and (iii) it can and shall comply in all material respects with Applicable Law performing its obligations under this Agreement.
- 4.4 Employer Warranties. Employer represents and warrants that (i) it has complied and will continue to comply with Applicable Law, including applicable Data Privacy Law, in performing its obligations under the Agreement; (ii) all information provided by Employer to HQY has been, and will continue to be, collected and processed in accordance with notice, consent and other requirements of applicable Data Privacy Law; (iii) all information provided by Employer to HQY is accurate, complete and up-to-date; and (iv) it has, and will continue to have, the right to collect and transfer, or provide access to, the Personal Information to HQY and its subprocessors, for processing consistent with the purposes contemplated in the Agreement and such processing will not breach applicable Data Privacy Law.
- 4.5 DISCLAIMER. NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OTHER THAN THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 4, AND, EXCEPT AS SET FORTH HEREIN, EACH PARTY DISCLAIMS ANY IMPLIED OR STATUTORY WARRANTIES OF ANY KIND, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5 Termination and Survival.

- 5.1 Termination. Either Party may terminate this Agreement immediately upon written notice delivered to the other Party, if at any time (i) the other Party fails to comply with any of its obligations under this Agreement in any material respect, and such Party does not cure such non-compliance within 30 days of receiving written notice of such failure; (ii) the other Party has appointed for it a receiver, a general assignment is made for the benefit of the other Party's creditors, or a bankruptcy proceeding has been commenced with respect to the other Party, or (iii) any representation made or information provided by the other Party is false or misleading in any material respect when made or provided.
- 5.2 Termination for Convenience. Any Schedule to this Agreement can be terminated for convenience and without cause in accordance with the Termination for Convenience Provision set forth in each Schedule, as applicable. The Parties acknowledge that attempting to terminate a Schedule or the Agreement for convenience prior to the time permitted in the applicable Schedule shall be a breach of the Agreement.
- 5.3 Effect of Termination; Survival. If this Agreement is terminated, then each Schedule then in effect will also terminate. Notwithstanding anything to the contrary contained herein, Sections 1 (General), 6 (Invoicing; Fees), 7 (Confidentiality), 9 (Intellectual Property), 10 (Indemnification; limitation of liability), and 11 (Miscellaneous provisions) of these General Terms and Conditions will continue to apply after the expiration or termination of this Agreement or any Schedule hereto.

6 Invoicing and Fees.

- 6.1 Fees and Expenses. Employer shall pay all fees and expenses that are set forth in each Order Form or Schedule.
- 6.2 Taxes. The fees set forth in this Agreement are exclusive of applicable taxes. Each Party shall be responsible for its own income and gross receipt taxes. Employer shall be responsible for and shall promptly pay or reimburse HQY for the payment of all sales, use, excise, ad valorem, value-added and other similar taxes, assessments or duties imposed by any government agency (including any interest and penalties imposed thereon if HQY has provided Employer reasonable notice, of such applicable taxes prior to any assessment or accruing of interest or penalties) that are based on any Services provided by HQY pursuant to this Agreement.
- 6.3 Invoices and Payment. HQY shall invoice Employer for all amounts due under this Agreement on a monthly basis. Payment for invoices shall be due and payable by Employer as set forth on the Order Form. Any amounts not paid on or before their due date shall incur interest until paid at the rate equal to the lesser of the rate specified on the Order Form or the maximum amount allowed by law, prorated for any partial month. Notwithstanding anything to the contrary in the Agreement, if Employer disputes any amount on an invoice, Employer must notify HQY in writing of such dispute and provide supporting documentation to HQY within 45 days from the date of the invoice.

7 Confidentiality.

- 7.1 In the general course of implementing this Agreement and providing the Services, each Party may disclose information that is considered confidential and proprietary to such Party ("Confidential Information"). Unless permitted in writing by the Party whose Confidential Information is disclosed, all Confidential Information disclosed by a Party is to be considered strictly confidential and the receiving Party shall use reasonable commercial efforts to maintain the disclosing Party's Confidential Information as strictly confidential and to require their respective officers, directors, employees and agents to maintain the confidentiality of such information. These obligations shall not apply, however, to any information which (i) is already in the public domain at the time of disclosure or later becomes available to the public through no breach of this provision; (ii) was, as between the recipient and the disclosing Party, lawfully in the recipient's possession prior to receipt from the disclosing Party without obligation of confidentiality; (iii) is received by the recipient independently from a third party free to lawfully disclose such information to the recipient; or (iv) is subsequently independently developed by the recipient as evidenced by its business records.
- 7.2 Notwithstanding the foregoing, each Party shall have the right to disclose and disseminate Confidential Information to third parties as required by law or by a court order, provided that prior to any such disclosure or dissemination, the Party disclosing or disseminating the confidential information shall notify the other Party and the other shall have the opportunity, at its own cost, to contest such disclosure or dissemination by appropriate proceedings. HQY shall also have the right to disclose Confidential Information to its service providers as allowed by law and to the extent necessary to provide the Services, offer Service enhancements or education to Employer, or otherwise fulfill the terms of this Agreement. This provision supersedes all prior non-disclosure or confidentiality agreements entered into between the Parties, which are hereby terminated and of no further force or effect.

8 Data Security and Business Continuity.

Safeguards. At all times that HQY has access to Personal Information received from or on behalf of Employer, HQY will maintain reasonable safeguards, including a business continuity and disaster recovery plan, in accordance with the Data Security Addendum, attached hereto as Annex 1. Except to the extent caused by HQY's failure to maintain the controls set forth in the Data Security Addendum, HQY shall not be responsible for liabilities or Losses resulting from any fraud perpetrated by a third party with respect to the Services provided under this Agreement.

9 Intellectual Property.

- 9.1 **No Waiver of Rights.** By entering into this Agreement, neither Party in any way agrees or implies that it is waiving any property rights it has in software, processes or other intellectual property belonging to it, its subsidiaries or Affiliates, including but not limited to rights accruing by virtue of applicable federal, state, or common law protections for copyright, patent, trade secret, trademark and/or service mark rights. In the event either Party discovers a violation of such proprietary rights, that Party, for itself and on behalf of its subsidiaries and Affiliates, expressly reserves the right to seek or pursue in an appropriate state or federal court all available remedies for the infringement of such rights.
- 9.2 **HQY's Materials.** HQY may provide to Employer material related to the Services. Any materials provided by HQY to Employer or its agents are copyrighted property of HQY and shall not be reproduced or modified by Employer without the prior written consent of HQY. Employer recognizes that HQY owns certain trademarks, service marks, logos and trade names ("HQY Marks") that identify HQY's products and services. Employer acknowledges that it has no ownership right or interest in the HQY Marks and that it will not use the HQY Marks without prior written permission.
- 9.3 **Retention of Ownership.** HQY retains ownership in all intellectual property of HQY used in the provision of Services. Furthermore, Employer agrees that any newly developed intellectual property by HQY, whether or not for use by Employer or its employees, as well as full right, title and interest in any jointly developed intellectual property by the Parties, shall be the intellectual property of HQY. To avoid doubt, any intellectual property that is developed by HQY that includes any assistance of Employer (i.e. concepts, ideas, feedback, testing, etc.) in connection with this Agreement or any services of HQY (whether or not in connection with Services provided to Employer by HQY), shall be the intellectual property of HQY and owned solely by HQY unless such ownership is otherwise agreed in a written amendment to this Agreement, signed by authorized personnel of both Parties.
- 9.4 **Permission to Use.** HQY recognizes that Employer owns certain trademarks, service marks, logos and trade names ("Employer Marks") that identify Employer's products and services. HQY acknowledges that it has no ownership right or interest in Employer Marks and that it will not use Employer Marks except as expressly contemplated by this Section 9.4 or otherwise with Employer's prior written consent. Employer hereby grants permission to HQY to use Employer's Marks in connection with Services provided pursuant to this Agreement. HQY may also, with the prior written consent of Employer, use Employer Marks for marketing and promotional materials. Employer will provide or make available to HQY approved formats and any guidelines for use of Employer's Marks, and the trademarks shall be used only consistent with the supplied formats and guidelines.

10 Indemnification; Limitation of Liability.

- 10.1 **HQY Indemnity.** HQY shall defend, indemnify and hold harmless Employer, Employer's Affiliates and all of Employer's (and Employer's Affiliates') directors, officers, employees and agents (the "Employer Group") from and against all claims, liabilities, losses, damages and expenses, including attorneys' fees (collectively "Losses") asserted by any party who is not a Party to this Agreement to the extent caused by HQY's breach of this Agreement, negligence or willful misconduct; provided, however, that HQY shall not defend, indemnify or hold the Employer Group harmless for Losses, in each case to the extent arising out of Employer's breach of this Agreement, negligence, or willful misconduct. Notwithstanding any other provision of the Agreement, HQY will not be responsible for claims, Losses or liabilities resulting from: (i) acts or omissions based on instructions or directions received from Employer and its agents, representatives, or employees; (ii) errors caused by incomplete, inaccurate or untimely information provided by Employer and its agents, representatives or employees; or (iii) failure of Employer to perform its obligations as required by this Agreement.
- 10.2 **Employer Indemnity.** Employer shall indemnify and hold harmless HQY, its Affiliates and all directors, officers, employees and agents of HQY and its affiliates (the "HQY Group") from and against all Losses asserted by any party who is not a Party to this Agreement, to the extent caused by Employer, its breach of this Agreement, negligence or willful misconduct or arising out of any other cause related to this Agreement; provided, however, Employer shall not be obligated to defend, indemnify or hold the HQY Group harmless for Losses to the extent such losses are caused by HQY's breach of this Agreement, negligence or willful misconduct.
- 10.3 **Notification and Defense.** The Party seeking indemnification under this Agreement (the "Indemnified Party") shall give the Party responsible for indemnification (the "Indemnifying Party") written notice of each claim, if any, promptly after the Indemnified Party's first knowledge thereof. The Indemnifying Party may direct the defense of its interests; provided, however, the Indemnified Party is entitled to retain counsel to provide for its own defense unless or until provided reasonable notice by the Indemnifying Party of its intent to direct the defense.
- 10.4 **Limitation of Liability.** Except for damages incurred or arising out of or due to gross negligence, willful misconduct or fraud of a Party, the aggregate liability of either Party to the other Party from any and all actions relating to the subject matter of this Agreement shall not exceed fees actually paid by Employer to HQY under this Agreement in the twelve months preceding the date on which the cause of action arose. NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IN THE EVENT THAT IT IS ADVISED OF THE POSSIBILITY THAT SUCH DAMAGE MAY ARISE, OCCUR OR RESULT.

11 Miscellaneous Provisions.

- 11.1 **Entire Agreement.** This Agreement, including any Order Forms, Schedules, annexes, and attachments hereto, sets

forth the entire understanding of the Parties and supersedes any and all other agreements, either oral or written, between the Parties with respect to the subject matter hereof (including any non-disclosure or confidentiality agreements entered into between the Parties), and no other agreement, statement or promise relating to the subject matter of this Agreement will be valid or binding. Unless otherwise indicated, this Agreement supersedes and replaces any prior agreement between the Parties (including participating Affiliates of the Parties).

- 11.2 Headings. The section headings contained in this Agreement are supplied for convenience and reference purposes only and shall not affect the meaning or interpretation of the terms.
- 11.3 Amendments. Except as otherwise set forth in this Section, all amendments to this Agreement may only be made in writing and signed by authorized personnel of the Parties. Notwithstanding the foregoing, to the extent specifically required to comply with prospective changes in applicable laws, regulations, rules, or guidance, or when specifically required by the Internal Revenue Service ("IRS"), Department of Labor ("DOL"), or other regulatory authority, HQY may amend the Agreement by providing written notice of such amendment to Employer (an "Amendment Notice"). Such amendment shall be effective upon receipt of the Amendment Notice or such other date specified in the Amendment Notice.
- 11.4 Waiver. The failure by a Party to exercise any right or obligation shall not be deemed to be a waiver of such right or obligation.
- 11.5 Severability. If any portion of this Agreement shall, for any reason, be invalid or unenforceable, such portion or portions shall be ineffective only to the extent of such invalidity or unenforceability, and the remaining portion or portions shall nevertheless be valid, enforceable and of full force and effect.
- 11.6 Third Party Sender. To the extent applicable as a Third Party Sender under National Automated Clearing House Association ("NACHA") rules and regulations, Employer acknowledges and agrees that HQY must perform a certain level of due diligence on Employer and that part of such diligence requires that Employer make certain representations and warranties in order for HQY to be able to originate ACH transactions on Employer's behalf. Accordingly, Employer (i) authorizes HQY to originate transactions on Employer's behalf, (ii) agrees to be bound by applicable NACHA rules, (iii) agrees not to originate transactions that violate U.S. laws, and (iv) agrees to provide written notice to HQY if there are any restrictions on the type of transactions that may be originated and, if there are, to describe such restrictions. Employer further acknowledges and agrees that in addition to other termination rights outlined herein, HQY has the right to terminate or suspend the Services if Employer violates any applicable NACHA rules. Employer additionally acknowledges and agrees that HQY and the originating depository financial institution have the right to audit Employer's compliance with the NACHA Rules and the terms of this provision with reasonable notice, during normal business hours.
- 11.7 Professional Advice. Although HQY may provide technical or other assistance on issues related to this Agreement, or to health savings accounts, flexible spending accounts, healthcare reimbursement arrangements and other services in general, HQY is not providing and cannot give Employer or any employee thereof legal, tax, financial, or other professional advice. Employer agrees that it is not relying on HQY or any of its Affiliates for any such advice and is not expecting HQY to provide professional advice to its employees. Employer is solely responsible for the selection and engagement of HQY to provide services on its behalf and for ensuring Employer's compliance with applicable law.
- 11.8 Assignment. Either Party may assign this Agreement (or any applicable Schedule) to any Affiliate or as part of the sale of any substantial portion of its assets, or pursuant to any merger, consolidation or other reorganization, without the other Party's prior written consent. Otherwise, neither Party may assign its rights and responsibilities under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld.
- 11.9 Force Majeure. Neither Party shall be liable for any damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to acts of God, government restrictions (including the denial or cancellation of any necessary license), wars, strikes, insurrections, infectious disease outbreaks and/or any other cause beyond the reasonable control of the Party whose performance is affected.
- 11.10 Beneficiaries. No third parties shall have the benefit of or any rights under any of the provisions of this Agreement.
- 11.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions, to the extent not governed or interpreted in accordance with federal law or regulations. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of, and venue in, the federal and/or state courts in the State of Utah, and the appropriate courts of appeal from such courts, for determining any dispute concerning the Agreement. EACH PARTY, TO THE EXTENT PERMITTED BY LAW, KNOWINGLY, VOLUNTARILY, UNCONDITIONALLY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES THAT IT HAS RECEIVED THE ADVICE OF COMPETENT COUNSEL.

Schedule A

Health Savings Accounts (HSAs)

This HSA Schedule is incorporated into and made a part of the Agreement. Capitalized terms used in this HSA Schedule, but not defined herein, shall have the meanings ascribed to them in the Terms and Conditions to the Agreement.

1 Clarification of roles, relationships, and applicable law.

- 1.1 Roles and Relationships. Employer is the sponsor of a high deductible health plan ("HDHP") that is compatible with health savings accounts ("HSAs"), as defined in §223 of the Internal Revenue Code ("Code"). Employer, as permitted by DOL FAB 2004-01 and 2006-02, desires to (i) facilitate the opening of HSAs for or on behalf of eligible employees (each, an "Account Holder"), (ii) make Employer contributions and forward employee payroll reduction contributions to HSAs owned by Account Holders, and (iii) pay certain fees related to HSA implementation and maintenance. HQY is an IRS authorized non-bank trustee operating as a custodian of HSAs in accordance with the provisions of Code §223(d)(1)(B) and Employer has selected HQY as its preferred custodian for Account Holders.
- 1.2 ERISA. It is the intent of the Parties that HSAs will (i) not be administered as, or otherwise considered, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), and (ii) not be a part of the HDHP. The assets held in custody by HQY in HSAs, or in connection with HSAs, shall not be plan assets subject to the provisions of ERISA. In order to avoid the implication that Employer has fiduciary obligations with regard to HSAs and other ERISA implications, Employer agrees to limit its involvement with HSAs in accordance with DOL FAB 2006-02, and Employer will take no action that will or could arguably cause an HSA to become subject to ERISA.
- 1.3 Direct relationship with Account Holders. HQY provides HSA custodial services directly to Account Holders, subject to applicable federal and state laws and regulations, and pursuant to the terms of a Custodial Agreement that governs the relationship between HQY and each Account Holder. Custodial services are overseen by the IRS and other regulatory authorities, and are not subject to Employer's oversight. Employer is not a party to the Custodial Agreement or a third-party beneficiary thereof, and nothing in this Agreement will affect, modify, or amend the terms governing the services provided by HQY to Account Holders or to account holders in general.
- 1.4 GLBA. HQY and HSAs are subject to the privacy and security protections of the Gramm-Leach-Bliley Act and applicable state laws (collectively, "GLBA") and HQY is required by GLBA to safeguard each Account Holder's nonpublic personal information ("NPI"), which includes information HQY collects or generates in the course of offering custodial services to an Account Holder, including Account Holder information collected by Employer and transmitted to HQY pursuant to the Agreement. HQY may disclose NPI to Employer only when permitted under GLBA. For the avoidance of doubt, Personal Information provided by or through an employer, health plan or health insurer to HQY (in its capacity as an HSA custodian) for HSA-related purposes is not provided as a plan service under the BAA (as defined below). Rather such Personal Information constitutes account information subject to GLBA and is not considered HIPAA protected health information ("PHI").
- 1.5 HIPAA and integrated claims. Account Holders often desire to view and use adjudicated medical, dental, vision, pharmacy, and/or behavioral health claim information (including data that would constitute protected health information in the hands of a covered entity or business associate) ("Claims Data") in connection with their HSAs for convenient payment, reimbursement, current and long-term distribution substantiation, and other tax or personal recordkeeping purposes. Likewise, employers often seek to facilitate the sharing of such information with HSAs to enhance the value of HSAs for their employees. If Employer elects the optional feature whereby Claims Data are integrated with HSAs, HQY, operating as a business associate under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and the regulations promulgated thereunder (together, "HIPAA") (and not in its capacity as a custodian of HSAs) and in accordance with the Business Associate Agreement that is linked and incorporated into the Agreement (the "Business Associate Agreement"), will (i) receive and maintain Claims Data from Employer's health plan, health insurer, or third party administrator; (ii) receive and process individual authorizations from Account Holders which permit disclosure of Claims Data to their respective HSAs; and (iii) disclose to the appropriate HSAs the Claims Data of Account Holders who have executed authorizations permitting such disclosure. Any Claims Data displayed on the HQY Portal for HSA related purposes are displayed pursuant to an authorization, not as a plan service subject to the terms of the Business Associate Agreement.
- 1.6 HIPAA and custodial services. Except as set forth in Section 1.5, data received by HQY in connection with its administration of HSAs will be received by HQY in its capacity as a custodian, and not as a business associate. Such data will be subject to the privacy and security protections of GLBA.

2 HSA opening and maintenance.

- 2.1 Eligibility file. From time to time, Employer will (directly or through an agent) either send an electronic file or upload to HQY's website (each, an "Eligibility File") information pertaining to: (i) employees who have submitted HSA applications through Employer's benefits enrollment system and instructed Employer to open HSAs on their behalf, or (ii) employees for whom Employer is requesting that HSAs be opened without the employees' affirmative consent.

- 2.2 HSA opening and maintenance. Based on the information provided in an Eligibility File, and subject to federal customer identification and “know your customer” requirements and restrictions (as defined by the USA PATRIOT Act), HQY will open and maintain HSAs for Account Holders under the terms of the Custodial Agreement.
- 2.3 Employee disassociation. Employer will include on the Eligibility File the name and termination date of any Account Holder who (i) has terminated employment with Employer, or (ii) is no longer eligible to contribute to an HSA. Upon receipt and processing of such updated Eligibility File, or a notice provided by an Account Holder, HQY will promptly disassociate the Account Holder from Employer in its systems.
- 2.4 Non-Discrimination Testing. If Employer elects this service, HQY will run the test using the data provided by Employer. HQY will provide the test results and basic recommendations for high-level plan adjustments to be made in order to keep the program from being discriminatory. Employer considers the feedback and alters the program accordingly. Employer is responsible for program design and compliance. HQY does not monitor program compliance matters. Employer is responsible for submitting all required data for testing sufficiently, as determined by HQY in its sole discretion, in advance of applicable end dates to allow for processing and production of any recommended program adjustments that may be required before applicable deadlines. Employer acknowledges and agrees that if such data is provided late, HQY cannot guarantee any specific turnaround time or that recommended program adjustments can be completed before applicable deadlines. For clarity, the test provided under this Section is performed for HSAs offered under a cafeteria plan and does not include comparability checks (for example, the test would be limited to eligibility, contributions and benefits, and key employee concentration under a cafeteria plan).
- 2.5 Escheatment. HQY will be responsible to the Account Holder for HSA related escheatment as part of its custodial obligations.

3 Contributions.

- 3.1 Sending of funds. Employer will forward Employer contributions, Account Holder payroll reduction contributions, and other contributions (such as those associated with a wellness program) to HQY as soon as administratively feasible and in a form and format agreed upon by the Parties. During the term of the Agreement, HQY shall be the exclusive administrator and custodian of HSAs to which Employer makes payroll reduction contributions.
- 3.2 Allocation file. Simultaneously with (or prior to) funds transmission, Employer will send information to HQY via an electronic file or through HQY’s website that indicates how contributions should be allocated to Account Holders’ HSAs, and will cooperate promptly and fully with HQY in connection with all required reconciliations or error corrections. HQY will have no liability for any file or funds not received by HQY, for any delay in transmitting funds, or for any error in allocating contributions to HSAs in reliance on data or instructions provided by Employer.
- 3.3 Posting to HSAs. HQY will post contributions to HSAs within a commercially reasonable time after receipt of the allocation file and good funds.
- 3.4 Non-forfeitable of Employer contributions. Employer contributions to HSAs are non-forfeitable and subject to rules restricting recoupment described in IRS Notice 2008-59, Q/A 23-25 and any relevant letters or guidance provided by the IRS.

4 Term; Termination for convenience.

- 4.1 Term. The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the “Initial Term”). This Schedule will thereafter automatically renew for additional 12 month terms unless either Party terminates this Schedule in accordance with Section 4.2. HQY may, in its sole discretion, continue to provide health savings account services to Account Holders if this Schedule is terminated for any reason. Notwithstanding the foregoing, if the entire Agreement is terminated at any time, the term of this Schedule shall terminate as of the date on which the entire Agreement is terminated.
- 4.2 Termination for convenience. Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days’ prior written notice.

5 Fees.

Employer agrees to pay the fees set forth below, except to the extent that Employer instructs HQY to charge the fees to Account Holders. The fees described in this Section 5 are in addition to fees charged directly to HSAs and other compensation that HQY receives on account of HSAs, as further described in the Custodial Agreement.

- 5.1 One-time implementation fee.

Item	Fee
Project management; Creation and execution of test plan; Coordination of marketing materials (not-including customization); Sales support and training	Set forth in Order Form or provided by health plan, retirement plan recordkeeper, or other administrative entity

- 5.2 HSA maintenance fees.

If Employer undertakes to pay account maintenance or other fees for Account Holders, it will remain obligated to pay such fees so long as such Account Holder is not disassociated from Employer. Account Holders are the primary obligor for the payment of fees, and if Employer ceases to pay such fees, they will be charged to Account Holders. The monthly maintenance/administration fees for the Services under this Schedule shall be as set forth in the Order Form.

5.3 Fees charged to Employer for atypical transactions.

Item	Fee
Non-Discrimination Testing	\$600/ test
Insufficient Funds for Contribution (e.g., failed ACH; bounced check)	\$20/ transaction
Employer Contribution Refund Request	\$20/ transaction
Manual Contribution Processing	\$20 per event (no fee if instructions are submitted online or via electronic file)
Funding via ACH debit, PPD/direct deposit, checks	Free
Funding via Wire/ACH push	\$350 per year (unless Employer has 1,000 eligible employees or 500 accounts, in which case, the \$350 fee is waived)
Premium-only plans	\$250

5.4 File integration fees.

File integration enhances the overall experience through automating the way data is passed to HQY in connection with eligibility, payroll, and claim integration. File integration is available only if the applicable minimum threshold is met.

File types	Benefit eligible employee minimum threshold per file	Implementation fee per file
HSA contribution file	0	None
Eligibility file	1,000	None
Claims file	1,000	None

- Pre-approved files which meet a specific criteria as outlined on the integrated file list will not incur an implementation fee. Custom files may incur an implementation fee not to exceed \$2,500 per file. Employer's Implementation Manager or Account Manager can discuss exceptions.
- All data sources must be engaged 90 days prior to the requested file's go-live date. Employer is responsible for introducing HQY to the data source contact. HQY will confirm the data source is able to pass the file in either HQY's standard format or an existing format HQY already receives from that data source. If a new mapping is required or an existing mapping has to be altered, the scope must be estimated and all applicable costs must be agreed upon before HQY will proceed.
- HQY must have clean test files with valid test data from the data source a minimum of 30 days prior to the date the file is expected to be live in production (60 days prior to plan year start).
- Benefit eligible employees are determined by taking total benefit eligible population minus any population that will not have access to choose a HQY product (e.g., any excluded employee locations).

5.5 Custom communications and materials.

With respect to any communications or materials that are customized from, or different than, HQY's standard communications and materials, the Parties will agree to the form and contents of any such communications or materials. HQY may charge a fee of \$250/hr for such customization work, unless authorized personnel of the Parties agree to a different fee in writing.

Schedule B

Reimbursement Arrangements (RAs)

This Reimbursement Arrangements (RAs) Schedule to the Agreement sets forth the services provided for HRAs, FSAs, and DCRA's (each defined below), and is incorporated into and made a part of the Agreement. Capitalized terms used in this RA Schedule, but not defined herein, shall have the meanings ascribed to them in the Terms and Conditions to the Agreement.

1 Clarification of roles, relationships, and applicable law.

- 1.1 Roles and Relationships. Employer, operating as the sponsor of a health plan, "plan administrator" and "fiduciary" within the meaning of the Employee Retirement Income Security Act of 1974, as amended, desires to provide certain health related reimbursement arrangements and/or other work-related benefits to its eligible employees ("Participants"). HQY provides third party administration ("TPA") services for health reimbursement arrangements as defined in IRS Notice 2002-45 ("HRAs"), health flexible spending arrangements as defined in 26 USC § 125 and the regulations thereunder ("FSAs"), dependent care assistance programs as defined in 26 USC § 129 and the regulations thereunder ("DCRA"), and limited-purpose FSAs and post-deductible HRAs (each within the meaning of Rev. Rul. 2004-45).
- 1.2 Directed TPA. HQY shall operate as a directed third party administrator ("TPA") under the Agreement and this Schedule, and not as a plan administrator, plan fiduciary, or claims fiduciary. As such, Employer shall be responsible for the proper administration of the plan, the direction of HQY's activities in accordance with the plan documents, compliance with legal requirements applicable to the plan and its administration, and ensuring that the TPA services are accurately reflected in the plan documents.
- 1.3 HIPAA. Unless otherwise indicated, Participant data disclosed to or held by HQY under this Schedule is governed by or subject to the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and the regulations promulgated thereunder (together, "HIPAA"). As such, HQY shall operate as a business associate (as defined by HIPAA) to Employer or its health plan in the provision of TPA services to the plan. Participant data is considered HIPAA protected health information ("PHI") and subject to the protections set forth in the Business Associate Agreement entered between HQY and Employer, limited by applicable record retention requirements imposed by the IRS for tax advantaged accounts and arrangements.

2 Term; Termination for Convenience.

- 2.1 Term. The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the "Initial Term"). This Schedule will thereafter automatically renew for additional 12 month terms unless either Party terminates this Schedule in accordance with Section 2.2. Notwithstanding the foregoing, if the entire Agreement is terminated at any time, the term of this Schedule shall terminate as of the date on which the entire Agreement is terminated.
- 2.2 Termination for Convenience. Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days' prior written notice.
- 2.3 Suspension of Performance; Other Termination. The Parties acknowledge and agree that Employer's failure to pay the Fees for the TPA services when such Fees are due shall constitute a material breach of this Agreement and in addition to any other rights HQY has when such amount is due HQY may at its election, and without waiving its right to payment, cease performing services under this Schedule until such Fees are paid or terminate the Agreement or this Schedule.

3 HQY duties.

Plan setup	• Provide a plan setup worksheet for Employer to choose among certain features and options, subject to availability on HQY's system. • For HRAs, provide a Summary of Benefits and Coverage (SBC) template to Employer, along with sample language. • Optional: Provide a basic plan document template to Employer, based on, among others, the features and options chosen. Such template is not customizable. <u>Limitations</u> • Employer is responsible for legal review and adoption of the plan in accordance to the
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	requirements of applicable law. HQY will not provide legal advice as to which options or features Employer may wish to implement or with respect to compliance with applicable law.
Enrollment	- HQY will instruct Employer on how to provide timely accurate and complete enrollment information (via file or portal). - Once such information is received, HQY shall send the welcome kit and debit card (if elected and available). The debit card may be sent under separate cover (if elected). - HQY is not responsible for sending privacy policies or notices related to reimbursement arrangements.
Recording contributions	- If DCRA is elected as a service, Employer shall provide HQY with each Participant's DCRA elections, the corresponding payroll data, and any Employer contributions, so that HQY can create a proper account balance for the DCRA. DCRA payments are not released until funds are credited to the account. - For FSAs, HQY can record payroll contributions based on the payroll frequency provided by Employer.
Individual account management / Member Services	- HQY shall host a Participant accessible website to help Participants manage their Reimbursement Account online where they can, among other activities: - access their account balance, distribution history, and transaction activities; - review, enter and pay claims; - update their email preferences; and - download account servicing (e.g., distribution request) forms. - The website shall be made available 24/7 except for routine maintenance. Participants must have a computing device that is capable of using secure HTTP (HTTPS) to use the Participants-only area of the website. - HQY shall make available to Participants a 24/7 toll-free number (in the US) to access HQY Member Services Specialists. - HQY shall make available monthly statements to Participants to view and download from the website. There shall be a charge to Participants for paper statements.
Distribution and use of plan funds	- If the Employer elected, HQY shall send to Participants debit cards (debit cards optional), available with health FSAs and limited set of HRA plans) to access Reimbursement Account funds at merchants offering medical-related (including pharmacy, dental, and vision) qualified products and services. Whether the debit card can be used at any particular merchant depends on the merchant's coding under the debit card processing system. - HQY shall make available a directed payment mechanism on the website whereby Participants can direct their funds to be paid to one or more service providers. Participants are solely responsible to: - provide complete and accurate payee and identification so that payment can be properly credited by the provider; and - ensure sufficient funds and time for HQY to make such directed payments. - Participants may request distribution of their funds by completing a claim form, together with the documentation required by law. - All claim forms and supporting documents must be in English, or if not in English,

	accompanied by an English translation. HQY does not provide translation services. b. Participants shall receive distributions via electronic means at no cost to the Participants. Participants who request paper checks will be charged a fee per check. • If applicable thresholds are met, HQY shall provide a mechanism to securely receive adjudicated claims files from Employer's health plan(s). HQY shall populate Participants accounts with the claim data so that Participants may pay the patient responsibility portion of adjudicated claims directly from the account. • If Participant's account balance is insufficient to pay all claims, debit card transactions will take priority over the competing demand for funds, followed by directed payments. • HQY will attempt to auto-substantiate card transactions using IRS approved methods. If auto-substantiation cannot be achieved, HQY will send a notice to Participant at 30 and 90 days after debit card use asking for documentation. • HQY does not turn off debit cards for failure to substantiate transactions, without a prior written directive from Employer. Employer is responsible for determining how to handle collection from Participants of any amounts that the Participant has not substantiated.
Participant education	• HQY shall make information available, either directly or through the health plan, to help Participants save and spend their account balances. This may include Employer specific educational programs and e-mail based messaging (subject to HQY having accurate e-mail addresses for e-mail distribution).
Reports to Employer	• HQY shall make reports available to Employer that include a summary roll-up of account transactions, a funding ledger, and claims detail, including overpayments.
Escheatment	• HQY will return unassociatable or unused funds related to plan or program services to Employer who shall be responsible for compliance with escheatment obligations (if any). If Employer is not able to, or declines to, accept returned funds, then Employer agrees that HQY will be entitled to the funds as part of its overall compensation for services. If HQY is not able to locate Employer, then HQY (the holder) will comply with applicable state unclaimed property laws regarding the funds, which may require HQY to escheat funds in the name of Employer (the owner) to the relevant state.
Non-discrimination testing	If Employer elects this service by providing written notice to HQY, HQY will run the test using the data provided by Employer. HQY will provide the test results and basic recommendations for high-level plan adjustments to be made in order to keep the plan from being discriminatory. Employer considers the feedback and alters the plan accordingly. Employer is responsible for plan design and compliance. HQY does not monitor plan compliance matters. Employer is responsible for submitting all required data for testing sufficiently, as determined by HQY in its sole discretion, in advance of applicable plan end dates to allow for processing and production of any recommended plan adjustments that may be required before applicable deadlines. Employer acknowledges and agrees that if such data is provided late in the plan or calendar year, HQY cannot guarantee any specific turnaround time or that recommended plan adjustments can be completed before applicable deadlines.

4 Employer duties.

Program setup	• Complete a plan setup worksheet for Employer to choose among certain features and options, subject to availability on HQY's system.
Designate contact	• Designate at least one employee as the primary contact who has familiarity with the Employer's benefits offering; the contact shall provide HQY with advance notice before any changes to the Employer's benefits offering become effective; the contact shall also be available to consult with HQY from time to time as reasonably necessary for HQY to provide the services described herein. For the avoidance of doubt, no change shall become effective unless and until accepted and programmed by HQY.

Prepare and distribute materials	• Ensure compliance with all requirements of ERISA, the Internal Revenue Code, and other applicable law, including maintaining plan documents and the preparation, distribution, and review of Summary Plan Description, Summary of Benefits and Coverage, and any other program materials to Participants.
Eligibility and contribution Data	• Ensure that all eligibility and contribution data files that are sent to HQY or data entries made on HQY's system are timely, accurate, complete, and free of errors. • HQY will not be responsible for any liabilities, penalties, or losses due to data or information that is untimely, inaccurate, otherwise invalid. Employer shall pay HQY for all costs due to any inaccurate, incomplete or erroneous data. For example, if Employer enrolls individuals who are not eligible to participate in a Reimbursement Account, Employer shall pay HQY for (i) time and materials to collect any disbursements already made to such individuals (if legally permitted); (ii) notifications to affected individuals; and (iii) debit card cancellation fees. The monthly fees for such ineligible individuals are (a) still payable if not already paid, or (b) if paid, are not refundable or creditable against future invoices.
Claim data	• Ensure that its health plan(s) provide claim files that are timely, accurate, complete, and free of errors. • If disbursements are made because Employer or its delegates have provided information that is untimely, inaccurate, incomplete, or otherwise erroneous, Employer agrees that HQY is not responsible for recovering the funds from any payee.
Marketplace Data and Consent	• Employer acknowledges that HQY has engaged with certain third parties ("Merchants") that independently sell certain products or services that may be eligible for payment/reimbursement by FSAs or other RAs ("Merchant Offerings"). Employer authorizes Merchant Offerings subject to the term of the Agreement. • Employer consents to HQY providing Participant data to Merchants as reasonably necessary for purposes of initial outreach to identify Participant interest in a Merchant Offering. All use by HQY of PHI, if any, with respect to Merchant Offerings shall be governed by the BAA in Annex 2 of the Agreement (including provisions relating to use of PHI with Participant consent). • The Parties agree that: (1) any participation in any Merchant Offering is voluntary and at the sole discretion of the Participant, (2) any purchase of a Merchant Offering is a transaction between the Participant and the Merchant that is not governed by this Agreement, (3) without limited the foregoing, HQY does not provide advice, exercise discretion, act as a fiduciary, or guarantee that any Merchant Offering is an eligible expense under the plan, (4) nothing in this Agreement shall constitute or indicate an intent for either Party to recommend, advocate for, or endorse, any Merchant Offering, and (5) qualification of a Merchant Offering for reimbursement by an FSA, or other RA, shall not be construed as such Merchant Offering being part of Employer's plan.
Payment of claims invoices and Reporting	• Employer is responsible for paying claim invoices. • If Employer does not pay an invoice, then HQY may take appropriate remediation efforts, such as (i) deactivating cards or (ii) terminating services. • Employer and/or Participant shall notify HQY of any suspicious or fraudulent activity with respect to the account(s) or claims within sixty (60) days of the processing of the applicable claim. Failure of Employer or the Participant to notify HQY within the 60-day timeframe shall indicate Employer's approval of the claim or expenditure.

Funding	• Employer shall timely provide to HQY all benefit claims funding amounts (including any pre-funding needed). Employer acknowledges and agrees that all benefits claim pre-funding amounts submitted by Employer to HQY: (i) shall be comprised of Employer's general assets; (ii) does not consist of Plan assets within the meaning of ERISA, without regard to whether ERISA applies, and is not otherwise subject to any restrictions; and (iii) shall not be segregated or set aside in a trust or escrow account by HQY. Employer agrees to pay HQY the entire amount delivered, or deliverable, to participants in all Plans or programs, regardless of whether Employer collects sufficient payroll deductions from Employer's participants. • Employer shall be solely responsible to ensure proper funding under the Agreement. • If it is determined that the amount of prefunding requested from the Employer is not sufficient, HQY may request additional prefunding.
Legal compliance	• Employer is responsible for compliance of its Plan with Applicable Law, including, without limitation, the review and approval of HQY's form documents and templates, and HQY's administration process as they relate to the Services provided with respect to the Plan.

5 Fees. Unless otherwise set forth herein, the fees for the Services under this Schedule shall be as set forth in the Order Form. Employer has reviewed the fees and other compensation that HQY receives for its Services under the Schedule and determined that the compensation HQY receives for such Services is reasonable. Employer has further determined that each of the services is necessary for the establishment and maintenance of the RAs.

- PPPM means per participant per month. HQY may give volume discounts based on Employer's account total. Fees are set at initial enrollment based on account volume. The Monthly Administration PPPM may be reset annually each February based on its ending January account volume.
- HQY charges only one PPPM fee even if a Participant has more than one FSA and/or HRA. This does not apply to an LPFSA coupled with an HSA.
- For FSAs and HRAs, Employer will provide HQY with enrollment and full health plan claims data for the groups electronically on a regular basis. This provision does not apply to non-integrated FSA / HRA / DCRA.
- All plan or account related fees, surcharges, or taxes imposed by law on the operation of the plan (e.g., MA Health Safety Net) will be invoiced to the Employer (i.e., plan sponsor). Timely payment of this amount is a condition precedent to services.
- With respect to provision of cards, if Participants are provided with cards by HQY in the provision of the Services, the first three (3) cards are provided at no charge and any additional cards are provided at a charge of \$5 each card.

5.1 Implementation Fees.

Fees, if any, for implementation, project management, creation and execution of test plan, coordination of marketing materials (not-including customization), and sales support and training, shall be specified on the Order Form.

5.2 File integration fees.

File integration enhances the overall experience through automating the way data is passed to HQY in connection with eligibility, payroll, and claim integration.

File types	Benefit eligible employee threshold per file	Implementation fee per file
FSA deduction file	0	None
Eligibility file	1,000	None

5.3 Custom communications and materials.

The Parties will agree to the form and contents of any custom communications or marketing materials and the fees associated therewith, which may change from time to time.

5.4 Other compensation.

- a. Employer funds associated with the administration of HRA/FSA services (including pre-funding) are deposited in an omnibus processing account with a federally insured financial institution, titled "HealthEquity Omnibus Account for the Benefit of Employers" (or similar title). The account is not treated as a plan asset and is subdivided as HQY determines appropriate to maintain separate records for each employer. Funds deposited in the omnibus account are held in that account until benefit payments are made and the payments clear. Omnibus account balances earn interest at a rate determined by the depository institution (such earnings are referred to as "float earnings"). Float earnings are used first to pay fees associated with the account. HQY will retain any float earnings that remain after such fees are paid as part of its compensation for Services. If fees associated with the account exceed float earnings, HQY will be solely responsible for paying the excess over float earnings. HQY will provide information regarding float earnings as the Employer may reasonably request for the purpose of evaluating the reasonableness of HQY's compensation.
- b. Participation in a Merchant Offering with respect to Services under this Schedule may result in HQY receiving compensation from the applicable Merchant. Such compensation is paid by the Merchant and is not charged directly to Employer. The amount of compensation received by HQY will vary based on Participant activity and the Merchant's compensation structure, and may be in the form of a dollar amount per Merchant Offering selected or a percentage of sales. In addition, HQY may have a financial interest in Merchants and other service providers in the Marketplace, and may receive revenue from use of FSA data. Employer acknowledges that such financial interest, if any, may present a conflict of interest. HQY will provide such information regarding compensation received from Merchants as the Employer may reasonably request for the purpose of complying with applicable law and evaluating the reasonableness of HQY's compensation.

6 Debit Cards. If Employer elects to offer a card program in connection with its Plan, HQY will administer the debit card as follows:

- 6.1 **Provision of Cards.** HQY will provide debit cards ("Card" or "Cards") to each participant. Depending on the program, additional Cards may be provided upon request for use by the participant's spouse and/or dependents who are over 18 years of age, subject to charges (if any) set forth in the Agreement.
- 6.2 **Card Services.** HQY will update participant records, maintain account balance and deposit information, activate and deactivate Cards, respond to participant inquiries and provide appropriate notices of actions taken with respect to the Card.
- 6.3 **Payments.** Card transactions will be withdrawn against a participant's account and Employer shall reimburse HQY according to terms of Employer's funding arrangement or as otherwise agreed, as applicable.
- 6.4 **Improper Card Usage/Fraud.** Employer shall notify HQY immediately if Employer suspects or confirms any inappropriate or fraudulent Card usage. HQY will take reasonable action to investigate and resolve improper Card transactions that it becomes aware of in accordance with applicable law and regulations (e.g., by offsetting the ineligible expense against a proper expense). HQY may suspend a participant's Card until such issue is resolved. If HQY cannot correct the improper use, it will notify Employer and Employer shall be responsible to correct the transaction by adopting such measures as are required by applicable law and regulations.
- 6.5 **Lost or Stolen Cards.** HQY agrees to cancel, as soon as reasonably practicable, a participant's Card when the Card is reported as lost or stolen. HQY is not responsible for any transactions that occur prior to the request to cancel is received unless otherwise required in the applicable cardholder agreement.
- 6.6 **Termination or Ineligibility.** HQY will deactivate a participant's Card as soon as reasonably practicable after receipt of notice from Employer that a participant has been terminated or is no longer eligible to participate under the Plan. HQY is not responsible for any transactions that occur prior to the request to terminate is received.
- 6.7 **Data Hosting; Right to Use Data.** All Card data resides on servers owned by or operated on behalf of HQY's service providers. Employer grants HQY and its service providers the right to receive, process and use such data to administer the Card program and provide related services to Employer and its participants, as well as the right to derive and use aggregate and statistical de-identified data obtained therefrom.
- 6.8 **Grant of License.** If applicable per the service agreement, Employer grants HQY and its service providers a non-exclusive, non-transferable, royalty-free license to use Employer's trademarks in connection with the Card program, in the forms and formats approved by Employer in connection with (i) the Card, (ii) periodic statements and (iii) participant communications regarding their accounts. The name of the financial institution that issues the Card, a website Uniform Resource Locator (URL) and a customer service phone number will be printed on each Card.

Schedule C

Commuter Benefits

HQY provides commuter benefits services through HQY's Affiliate, HealthEquity Commuter Services, Inc. ("HCS"). This Commuter Benefits Schedule to the Agreement sets forth the terms pursuant to which HCS will provide administration services for qualified transportation fringe benefits (as described in 26 USC 132(f)) that Employer offers to its eligible employees (the "Commuter Benefits") and is incorporated into and made a part of the Agreement. Notwithstanding anything in this Schedule to the contrary, HQY (or any of its other Affiliates) may provide any portion of the Commuter Services in place of HCS.

1 HCS Duties.

Plan setup	- Provide an implementation questionnaire plan for Employer to choose among certain features and options, subject to availability on HCS's system. - Complete all required setup on the applicable platforms. <u>Limitations</u> - Employer is responsible for the review and compliance of the Commuter Benefits with applicable law. - HCS will not provide legal advice as to which options or features Employer may wish to implement or with respect to compliance with applicable law.
Eligibility	- Instruct Employer on how to provide timely accurate and complete eligibility information. - Employer must provide eligibility according to the standard file specification for Commuter Benefits.
Ongoing administration	- HCS shall administer the Commuter Benefits using the applicable platform. - As part of the monthly services, HCS will: - Provide a website through which members may place orders and review account details. - Process eligibility files. - Process and fulfill monthly commuter orders. - Prepare payroll export file and monthly funding report. - Process eligible reimbursement payments for cash reimbursement accounts.
Customer service	- HCS shall make available to members and staff a toll-free number (in the US) to access its Commuter Benefits service center. - Provide standard member communication materials in electronic format.
Management reports	HCS shall provide online downloadable management reporting to Employer.
Escheatment	HCS will return unassociatable or unused funds related to plan or program services to Employer who shall be responsible for compliance with escheatment obligations (if any). If Employer is not able to, or declines to, accept returned funds, then Employer agrees that HCS will be entitled to the funds as part of its overall compensation for services. If HCS is not able to locate Employer, then HCS (the holder) will comply with applicable state unclaimed property laws regarding the funds, which may require HCS to escheat

	funds in the name of Employer (the owner) to the relevant state.
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2 Employer Duties.

Plan setup	Employer to complete an implementation questionnaire plan for Employer to choose among certain features and options, subject to availability on HCS's system.
Designate contact	- Employer shall designate at least one employee as the primary contact. - The contact must have familiarity with Employer's commuter benefits offering; the contact shall provide HCS with advance notice before any changes to the Employer's commuter benefits offering become effective; the contact shall also be available to consult with HCS from time to time as reasonably necessary for HCS to provide the services described herein. For the avoidance of doubt, no change shall become effective unless and until accepted and programmed by HCS.
Provide data	- Employer shall be responsible for providing accurate, complete and timely data, including delivery addresses for fulfillment of fare media if Employer has assumed sole responsibility for control of addresses. - HCS shall not be responsible for transit or other orders mailed to Employer-provided addresses that are inaccurate or otherwise invalid.
Eligible employees	- Employer shall notify HCS, or its designate, of new and terminated eligible employees according to the standard file specification. - A custom setup fee may apply if Employer cannot provide the data in the standard file specification required by HCS, or its designate.
Funding	- Employer is responsible for maintaining appropriate funding in a designated checking account from which HCS will pull on a monthly basis to cover monthly orders. - Employer hereby authorizes and directs HCS to pull the funds via ACH to cover the monthly orders and cash reimbursement payments contemplated herein. - Employer shall timely provide to HCS all funding amounts (including any pre-funding needed). Employer acknowledges and agrees that all benefits claim pre-funding amounts submitted by Employer to HCS: (i) shall be comprised of Employer's general assets; (ii) does not consist of Plan assets; and (iii) shall not be segregated or set aside in a trust or escrow account by HCS. Employer agrees to pay HCS the entire amount delivered, or deliverable regardless of whether Employer collects sufficient payroll deductions from Employer's participants. - Employer shall be solely responsible to ensure proper funding under the Agreement. - If it is determined that the amount of prefunding requested from the Employer is not sufficient, HCS may request additional prefunding.
Legal compliance	Employer shall have sole responsibility for ensuring that the Commuter Benefits are provided in accordance with applicable law, including the accuracy and sufficiency of documents and notices concerning the Commuter Benefits.

3 Fees. Unless otherwise set forth herein, the fees for the Services under this Schedule shall be as set forth in the Order Form. Notwithstanding the foregoing, upon termination of this Schedule (or the Agreement) by Employer, or upon closure of a commuter account by Employer, HCS (or HQY) may charge an account closure fee of up to \$25 per account.

Item	Fee
If Employer makes changes to its eligibility file after implementation has already been performed by HCS, thus requiring implementation to be reperformed, then HCS may charge a fee as specified in this table.	Up to \$1,000 if the Employer has 500 benefit eligible employees or fewer at the time of the requested changes

	OR Up to \$5,000 if the Employer has >500 benefit eligible employees at the time of the requested changes.
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4 Term and Termination.

4.1 **Term.** The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the "Initial Term"). This Schedule will thereafter automatically renew for additional 12-month terms unless either Party terminates this Schedule in accordance with Section 4.2.

4.2 **Termination for convenience.** Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days' prior written notice.

5 Debit Card.

If Employer elects to offer a card program in connection with its Plan, HCS will administer the debit card as follows:

5.1 **Provision of Cards.** HCS will provide one debit card ("Card") to each participant.

5.2 **Card Services.** HCS will update participant records, maintain account balance and deposit information, activate and deactivate Cards, respond to participant inquiries and provide appropriate notices of actions taken with respect to the Card.

5.3 **Payments.** Card transactions will be withdrawn against a participant's account and Employer shall reimburse HCS according to terms of Employer's funding arrangement or as otherwise agreed, as applicable.

5.4 **Improper Card Usage/Fraud.** Employer shall notify HCS immediately if Employer suspects or confirms any inappropriate or fraudulent Card usage. HCS will take reasonable action to investigate and resolve improper Card transactions that it becomes aware of in accordance with applicable law and regulations (e.g., by offsetting the ineligible expense against a proper expense). HCS may suspend a participant's Card until such issue is resolved. If HCS cannot correct the improper use, it will notify Employer and Employer shall be responsible to correct the transaction by adopting such measures as are required by applicable law and regulations.

5.5 **Lost or Stolen Cards.** HCS agrees to cancel, as soon as reasonably practicable, a participant's Card when the Card is reported as lost or stolen. HCS is not responsible for any transactions that occur prior to the request to cancel is received unless otherwise required in the applicable cardholder agreement.

5.6 **Termination or Ineligibility.** HCS will deactivate a participant's Card as soon as reasonably practicable after receipt of notice from Employer that a participant has been terminated or is no longer eligible to participate under the Plan. HCS is not responsible for any transactions that occur prior to the request to terminate is received.

5.7 **Data Hosting; Right to Use Data.** All Card data resides on servers owned by or operated on behalf of HCS's service providers. Employer grants HCS and its service providers the right to receive, process and use such data to administer the Card program and provide related services to Employer and its participants, as well as the right to derive and use aggregate and statistical de-identified data obtained therefrom.

5.8 **Grant of License.** If applicable per the service agreement, Employer grants HCS and its service providers a non-exclusive, non-transferable, royalty-free license to use Employer's trademarks in connection with the Card program, in the forms and formats approved by Employer in connection with (i) the Card, (ii) periodic statements and (iii) participant communications regarding their accounts. The name of the financial institution that issues the Card, a website Uniform Resource Locator (URL) and a customer service phone number will be printed on each Card.

Schedule D

Lifestyle Accounts (LSAs)

1. Employer's Responsibilities.

Employer is the benefit program sponsor and administrator. As such, only Employer has the power to waive, alter, breach or modify any of the terms and conditions of the program ("Program"), and Employer exercises all discretion, control or authority with respect to the disposition of the available benefits. As such, Employer shall:

- a. Ensure that the summary Program descriptions, Program documents and any other documentation relating to the Program are appropriately completed, are in compliance with all applicable laws, and are appropriately and timely adopted;
- b. Provide HQY with a complete copy of all summary Program descriptions and Program documents for our reference in connection with the provision of Services, which shall, among other things:
 - Designate what expenses are eligible for reimbursement under the Program;
 - Specify what information must be included on a receipt and/or claim form submitted by a participant to verify whether an expense is eligible under the Program; and
 - Designate the frequency of reimbursements made to participants under the Program (e.g., monthly, quarterly, annually).
- c. Distribute summary Program descriptions, summaries of material modifications and any other Program documentation to participants on a timely basis;
- d. Determine which individuals are eligible to participate in Employer's Program and provide HQY with accurate eligibility data in the prescribed electronic data file format;
- e. Provide accurate and timely changes to participant eligibility data, including, but not limited to, information that modifies a participant's eligibility or status (e.g., leaves of absence, termination), in the prescribed electronic data file format;
- f. Confirm the initial payroll claim reimbursement test file provided by HQY in a mutually agreed upon file format is compatible with Employer's designated payroll system. If multiple payroll claim reimbursement files are required (e.g., one file per Program if you have multiple Programs), additional fees may apply;
- g. Timely retrieve and process the data files made available by HQY from either the HQY website or a designated FTP site;
- h. Correct all errors in any data, files or other materials provided to us by you or on your behalf by your third party service providers. HQY do not audit data, files or other information provided by Employer or its third party service providers;
- i. Report any reimbursements made under the Program as taxable income for each participant;
- j. Timely pay all service fees;
- k. Provide participants with any required information if Employer elects to offer Run-Out under its Program. "Run-Out" is the period after the close of the Program period during which a participant may submit claims for eligible expenses incurred during the immediately preceding Program period;
- l. Manage access to the employer portal of HQY's website by Employer personnel based upon Employer's internal confidentiality and HIPAA privacy policies and procedures; and
- m. Comply with all applicable laws with respect to Employer's Program and make any required filings with the appropriate governmental agencies, including the IRS.

2. Term and Termination.

- a. Term. The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the "Initial Term"). This Schedule will thereafter automatically renew for additional 12-month terms unless either Party terminates this Schedule in accordance with Section 2(b). Notwithstanding the foregoing, if the

entire Agreement is terminated at any time, the term of this Schedule shall terminate as of the date on which the entire Agreement is terminated.

- b. Termination for Convenience. Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days' prior written notice.

3. HQY's Responsibilities.

HQY has been engaged by Employer to provide certain administration services in connection with Employer's Program(s). Accordingly, Employer have authorized HQY to use its standard procedures for the provision of Services. HQY shall provide its Services in accordance with the framework of policies, interpretations, rules, practices and procedures as set forth in the Program documents, and as otherwise mutually agreed upon or as directed by Employer. HQY shall:

- a. Provide Employer with a set of electronic file specifications for the delivery of data to HQY;
 - b. Process initial and ongoing eligibility data files submitted by Employer or on Employer's behalf by a third party service provider (e.g., payroll provider) in the prescribed electronic data file format;
 - c. Make a payroll claims reimbursement file available to Employer for download from HQY's website or, if applicable, via a designated FTP site, in a mutually agreed upon electronic data file format on the frequency (e.g., weekly, bi-weekly, monthly) determined by Employer;
 - d. Process claims received from participants;
 - e. Administer Run-Out, if applicable, subject to ongoing payment of service fees;
 - f. Provide Employer with access to HQY's website where Employer may:
 - View, access and download standard reports (e.g., eligibility reports, claims activity reports and payroll claims reimbursement reports);
 - View individual participant transactions; and
 - Access to HQY's online communications gateway and download standard electronic communication material at no additional charge. Customized items may be provided for an additional fee, plus charges for applicable bulk sales, taxes, shipping and handling;
 - g. Provide client service representatives who are available to answer participant phone calls during HQY's normal customer service hours;
 - h. Provide participants with 24/7 access (excluding scheduled maintenance) to HQY's website and interactive phone system, where participants can access information regarding their account;
 - i. Participate in employee education meetings and benefits fairs for an additional charge; and
 - j. Add Employer's logo and/or name on the participant website upon request.
 - k. Escheatment. To the extent applicable, HQY will return unassociatable or unused funds related to plan or program services to Employer who shall be responsible for compliance with escheatment obligations (if any). If Employer is not able to, or declines to, accept returned funds, then Employer agrees that HQY will be entitled to the funds as part of its overall compensation for services. If HQY is not able to locate Employer, then HQY (the holder) will comply with applicable state unclaimed property laws regarding the funds, which may require HQY to escheat funds in the name of Employer (the owner) to the relevant state.
4. Fees. Except as otherwise specified in this Section 4, the fees for the Services under this Schedule shall be as set forth in the Order Form.

Schedule E

COBRA Administration Services

HQY provides COBRA administration services through HQY's Affiliate, WageWorks, Inc. ("WW"). This Schedule sets forth the COBRA administration services to be provided by WW to Employer and are incorporated into the Agreement. Capitalized terms used in this Schedule, but not defined herein, shall have the meanings ascribed to them in the Terms and Conditions to the Agreement. Notwithstanding anything in this Schedule to the contrary, HQY (or any of its other Affiliates) may provide COBRA Services in place of WW.

Employer has independently concluded that one or more of its group health plans are subject to the provisions of COBRA.

1 Definitions. For purposes of this Schedule, the following definitions are included in addition to those in the Agreement:

- 1.1 "Administrative User" means an employee of Employer who is authorized to access and use the COBRA Portal to administer COBRA benefits established by or on behalf of Employer.
- 1.2 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and its associated regulations.
- 1.3 "COBRA Continuant" is a Qualified Beneficiary, or other individual, who has elected COBRA continuation coverage.
- 1.4 "COBRA Portal" means the WW web-based software applications to which Employer and/or Qualified Beneficiaries are granted access.
- 1.5 "Covered Employee" means an employee of Employer who is eligible for group coverage under an Employer group health plan.
- 1.6 "Party" or "Parties" shall have the meaning given to it in the Agreement but shall also specifically include WageWorks, Inc.
- 1.7 "Qualified Beneficiary" means any individual specified in COBRA who is identified or confirmed by Employer as eligible to receive COBRA continuation coverage under an Employer group health plan.
- 1.8 "Services" means processing and administration of COBRA benefits by WW for Employer under this Schedule.

2 Relationship.

- 2.1 The Parties acknowledge and agree that this Schedule is solely between WW and Employer, and is independent of any relationship that either WW or Employer may have with an insurance carrier, third party administrator, benefits administrator, or any other third party. For purposes of this Schedule, the term "Employer" shall mean Employer in its capacity as plan sponsor of one or more group health plans or employee welfare benefit plans.
- 2.2 The Parties also acknowledge and agree that WW shall have no responsibility for the funding of COBRA premium payments, or the payment of any claims under any of the Employer's group health plans and WW's hereunder are solely those duties specifically undertaken in this Schedule. WW's obligations hereunder are subject to, and contingent upon, Employer's accurate and timely compliance with the duties set forth in Section 4. In all events, Employer is responsible for compliance with COBRA, state-specific continuation laws and all other applicable law, including with respect to all notices, communications, and other documents prepared and distributed by WW, and WW's COBRA administration and state-specific continuation administration processes.

3 WW Duties.

Program setup	a. Conduct a welcome and implementation phone call with Employer to complete a program election questionnaire that includes Employer's COBRA program elections and desired COBRA Portal configurations. b. After all necessary information is received by WW, WW shall complete all required COBRA Portal configuration to match Employer's elections, provided, however, that WW will identify all elections that it cannot configure and work with Employer to resolve the configuration. c. Provide Administrative Users with training on how to use the COBRA Portal.
Employer file integration	d. Educate Administrative User on available methods for Employer to submit data or files to the COBRA Portal, e.g., qualifying event files, Covered Employee files, etc. Available options are: (i) manual entry on the COBRA Portal, (ii) upload a file in an approved format (.csv, .txt, or .xlsx), and (iii) have a third-party benefits administrator send WW a file in an approved format (.csv, .txt, or .xlsx).

Takeover of existing COBRA Continuant	e. Support transition from prior administrator of existing COBRA Continuant who have elected COBRA continuation coverage. f. Send a welcome letter to COBRA Continuant explaining the transition of services to WW, and payment coupons or invoices to COBRA Continuant.
Open Enrollment ("OE")	<u>Open Enrollment Services, generally.</u> During implementation, Employer will be set up with the Partial Open Enrollment service, unless Employer otherwise elects the 'standard' or 'custom' options. If Employer elects the 'standard' or 'custom Open Enrollment service, Employer shall provide written notification to WW of its choice. g. <u>Partial:</u> i. Partial service applies to Employers that mail their own OE materials and process their own OE elections. ii. Employer must advise WW of any required updates utilizing a mutually agreed method (i.e., WW's standard format or an existing format WW already receives). iii. WW will manage adding, updating or terminating plans; carrier and billing updates; and will produce and mail a rate change notice with the updated rates to Qualified Beneficiaries and COBRA Continuant (which, for clarity, includes pending COBRA Continuant) providing the applicable COBRA premium change for the Employer's plan(s) next determination period. iv. Postage and additional printing fees may apply in some situations and will be disclosed to the Employer. v. For clarity, the Partial service does <u>not</u> include the fulfillment of the OE materials or processing of election forms. h. <u>Standard:</u> Standard OE shall include part (iii) of the Partial OE offering as well as the following: i. WW updates, prints, and mails OE notifications on behalf of the Employer, up to 7 sheets of paper (double-sided), to Qualified Beneficiaries and COBRA Continuant (which, for clarity, includes pending COBRA Continuant). WW will provide carrier and billing updates. ii. Postage and additional printing fees may apply in some situations and will be disclosed to the Employer. i. <u>Custom:</u> Custom OE shall include part (iii) of the Partial OE offering as well as the following: i. WW updates, prints, and mails OE notifications on behalf of the Employer, up to 30 sheets of paper (double-sided), to Qualified Beneficiaries and COBRA Continuant (which, for clarity, includes pending COBRA Continuant). WW will provide carrier and billing updates. ii. Special handling for division-based communications and/or custom inserts. Postage and additional printing fees may apply in some situations and will be disclosed to Employer.
Ongoing monthly administration	j. WW shall provide the following ongoing monthly administration Services, as applicable: 1. Provide a website (the COBRA Portal) through which Qualified Beneficiaries may view program communications, make benefit elections, and process COBRA premium payments; 2. Provide a website (the COBRA Portal) through which Employer may view program information, access reports, and take the following actions: • Allow Employer to manually enter qualifying events; and • View Qualified Beneficiary information, e.g., COBRA election status, communications mailed to the Qualified Beneficiary, and payment history;

	3. Receive and process qualifying event files and, if elected by Employer, General-Notice-of-COBRA-Continuation-Coverage-Rights file; 4. Provide general communications to Qualified Beneficiaries, and provide required notices to Qualified Beneficiaries (subject to receipt of timely and accurate information from Employer); 5. Process COBRA elections received by mail from Qualified Beneficiaries and elections entered by Qualified Beneficiaries on the COBRA Portal, and send COBRA premium payment coupons to COBRA Continuant; 6. Process monthly COBRA premium payments received via mail or via the COBRA Portal; 7. Remit COBRA premium payments monthly to the Employer (or Employer's insurance carrier, if such additional service is elected by Employer); 8. Process COBRA terminations (process includes applicable conversion notifications if Employer's plan allows a conversion policy); 9. Work with Employer and carriers to resolve any escalated issues; 10. Notify Employer of elections, terminations and coverage changes (and Employer's insurance carrier, if such additional service is elected by Employer); and Unless expressly stated otherwise in an addendum to this Schedule, WW shall not administer any plan-specific rules that WW determines deviate from the minimum requirements under COBRA.
State-Specific Services	k. If Employer requests for WW to provide state-specific continuation coverage notices, other state-specific continuation services or wishes to offer COBRA benefits to non-qualified beneficiary populations (i.e. domestic partners, parents), Employer will notify WW in writing and, if such state-specific services are offered by WW, a separate, additional, schedule may be provided with additional fees applicable to such schedule. Notwithstanding the foregoing, WW reserves the ability to reject requests to comply with any plan-specific or state-specific requirements if the request would not be reasonably administrable within the parameters of WW's COBRA administration system, as determined by WW in its sole discretion.
Customer service	l. WW shall make available to Qualified Beneficiaries a toll-free number (in the US) to access its COBRA service center. As an accommodation and on a case-by-case basis, and unless otherwise directed by the Employer, WW shall provide reasonable levels of assistance to Qualified Beneficiaries who have questions about or difficulties in obtaining coverage instated or reinstated by calling the applicable Plan or the applicable Plan's insurer. However, in all such cases, Employer is ultimately responsible for the instatement or reinstatement of coverage and for the terms of its Plan(s). WW reserves the right to refer Qualified Beneficiaries to Employer at any time for all questions related to coverage, including instatement or reinstatement of coverage by any insurer of any Plan(s). m. WW shall make available to Qualified Beneficiaries a toll-free fax number (in the US).
Escheatment	n. To the extent applicable, WW will return unassociatable or unused funds related to plan or program services to Employer who shall be responsible for compliance with escheatment obligations (if any). If Employer is not able to, or declines to, accept returned funds, then Employer agrees that WW will be entitled to the funds as part of its overall compensation for services. If WW is not able to locate Employer, then WW (the holder) will comply with applicable state unclaimed property laws regarding the funds, which may require WW to escheat funds in the name of Employer (the owner) to the relevant state.

4 Employer Duties.

Program setup	a. Employer to provide all necessary information that includes Employer's COBRA program elections and desired COBRA Portal configurations, including open enrollment in accordance with Section 3.
Designate contact	b. Employer shall designate at least one employee as the primary contact who has familiarity with the Employer's COBRA benefits program. The contact shall provide WW with advance notice before any changes to the Employer's COBRA benefits program become effective and shall be available to consult with WW from time to time as reasonably necessary for WW to provide the COBRA administration services described herein. For the avoidance of doubt, no change shall become effective unless and until accepted and programmed by WW.
Provide data	c. Employer shall be responsible for providing WW with accurate, complete and timely data. WW's responsibility for sending required notifications to Qualified Beneficiaries and Covered Employees (if elected) is contingent upon Employer providing WW with accurate, complete, and timely information. Employer is responsible for correcting errors in all data sent to WW. d. To the extent that Protected Health Information ("PHI") (as defined in the HIPAA Regulations) is transmitted by Employer to WW or the COBRA Portal, Employer shall make any such transmission in a secure and encrypted manner, and in accordance with HIPAA, and other applicable privacy rules and regulations. e. For any notice required by COBRA to be given to Covered Employees, or Qualified Beneficiaries, Employer shall provide all information required for WW to send the notices on behalf of Employer at least 7 business days prior to the date on which the notice is required to be given under COBRA. All such information must be provided to WW by manually entering the information into the COBRA Portal or by uploading an appropriate file using the required file format (.csv, .txt, or .xlsx). f. Provide plan and rate information for the new plan year at least 60 days in advance of the date on which the updates will become effective. g. WW will not be responsible for any liabilities, penalties, or losses due to data or information that is untimely, inaccurate or otherwise invalid and Employer's indemnification obligations set forth in Section 10.2 of the Agreement shall apply with respect to any Losses asserted or arising from Employer's failure to provide WW with accurate, complete and timely data.
Covered Employees	h. At least once annually, or more frequently if requested by WW, Employer will provide WW with its then current number of Covered Employees.
Employer access	i. Employer shall: (i) notify WW when an Administrative User's access is terminated (i.e. termination of employment; (ii) keep Employer and Employer's Administrative Users' passwords used to access the COBRA Portal confidential and secure; (iii) prohibit Employer and Employer Administrative Users from attempting to gain unauthorized access to the COBRA Portal and all related systems or networks; and (iv) implement prudent management controls with respect to Employer and Employer's Administrative Users' access to and use of the COBRA Portal, which include segregation of duties among multiple Administrative Users and dual approvals for key activities.

5 Fees. Unless otherwise set forth herein, the fees for the Services under this Schedule shall be as set forth in the Order Form and shall be paid by the Employer. WW will invoice Employer directly on a monthly basis.

5.1 Implementation Fees.

Item	Fee
Initial implementation fee	\$0 (fee waived)

Employer shall provide a good faith estimate of the total number of COBRA eligibles, which is equivalent to covered lives, during each plan year's open enrollment period and shall, prior to commencement of each plan year, submit a copy of the health insurance invoices (e.g., medical, dental, vision and/or EAP, if applicable) to substantiate the COBRA eligible (covered lives) count. If Employer does not substantiate the COBRA eligible count prior to the commencement of a plan year, the COBRA eligible count shall be increased by 20% over the prior plan year. If the COBRA eligible count changes by more than 20% during a plan year, Employer shall promptly notify WW and provide documentation necessary to substantiate such change. WW shall adjust the COBRA eligible count as of the first benefit month following receipt of substantiation of the change in COBRA eligible count for calculation of fees.

5.2 COBRA Premium Payment Fee; Other Compensation.

- a. WW shall be entitled to collect an additional fee equal to 2% of the full COBRA premium amount, or 50% in the event that a COBRA Continuant's COBRA coverage is extended due to a disability determination ("COBRA Premium Surcharge"), for each COBRA Continuant each month. To the extent COBRA premium payments are processed via the COBRA Portal or via mail, WW shall retain the COBRA Premium Surcharge. To the extent the Employer pays or subsidizes all or a portion of the COBRA premium payment, Employer shall pay WW the COBRA Premium Surcharge for all amounts paid or subsidized by Employer.
- b. COBRA premium payments are collected and deposited in an omnibus processing account with a federally insured financial institution, titled "WageWorks Omnibus Account for the Benefit of Employers" (or similar title). The account is not treated as a plan asset and is subdivided as WW determines appropriate to maintain separate records for each employer. Funds deposited in the omnibus account are held in that account until COBRA premium payments are either sent to the Employer or remitted to the carrier (if Employer has elected to receive and pay for carrier remission services) and the payments clear. Omnibus account balances earn interest at a rate determined by the depository institution (such earnings are referred to as "float earnings"). Float earnings are used first to pay fees associated with the account. WW will retain any float earnings that remain after such fees are paid as part of its compensation for Services. If fees associated with the account exceed float earnings, WW will be solely responsible for paying the excess over float earnings. WW will provide information regarding float earnings as the Employer may reasonably request for the purpose of evaluating the reasonableness of WW's compensation.

5.3 Open Enrollment Fees. Fees for Open Enrollment Services are as follows:

Open Enrollment ("OE")	Fee
Partial	\$8 per rate change notice mailed Plus the applicable annual set up fee set forth in the Order Form.
Standard	\$15 per OE packet mailed Plus the applicable annual set up fee set forth in the Order Form.
Custom	\$22 per OE packet mailed Plus the applicable annual set up fee set forth in the Order Form.

5.4 Optional Services.

Item	Fee
General Notice of COBRA Continuation Coverage Rights (new hire letter) on form approved by Employer*	\$3.00 per notice
State-specific Continuation Coverage Notices on form approved by Employer	As set forth in the applicable schedule referenced for State-specific services in Section 3.
Premium remittance to insurance carriers**	\$50 per carrier per month

*If Employer does not opt in to purchase the General-Notice-of-COBRA-Continuation-Coverage-Rights service, but still accesses it and sends it via the COBRA Portal, Employer will be charged a \$3.00 fee for each such General Notice of COBRA Continuation Coverage Rights (new hire letter) sent.

All program customizations or special requests (e.g., custom qualifying event file, custom General-Notice-of-COBRA-Continuation-Coverage-Rights file, additional communications, custom reports, special mailings outside of HQY standard

communications, etc.) requested by Employer will be evaluated and quoted on a case-by-case basis. Such program customizations and special requests will only be provided after Employer has accepted the quote.

All requests to pull generated materials to prevent mailing will be subject to an additional fee of \$7.00 per envelope.

WW reserves the right to pass through increased costs associated with USPS postal rate increases. All costs associated with requests to mail notices overnight or via express mail will be passed on to Employer in addition to cost of time incurred at \$250/hour.

- 5.5 IRS and/or Department of Labor Audits. In the event of an audit by the U.S. Internal Revenue Service or U.S. Department of Labor, all associated time, copying, postage or other costs will be charged to the Employer on a time and expense basis, with time billed at the rate of \$150/hour.

6 Term and Termination.

- 6.1 Term. The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the "Initial Term"). This Schedule will thereafter automatically renew for additional 12-month terms unless either Party terminates this Schedule in accordance with Section 6.2. Notwithstanding the foregoing, if the entire Agreement is terminated at any time, the term of this Schedule shall terminate as of the date on which the entire Agreement is terminated.
- 6.2 Termination for convenience. Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days' advance written notice.
- 6.3 In addition to the termination rights set forth in the Agreement, WW may terminate this Schedule upon the occurrence of any of the following:
- 6.3.1 Misuse of the COBRA Portal;
 - 6.3.2 Failure by Employer to pay fees when due; and
 - 6.3.3 Failure to provide timely, accurate, and complete data in the agreed upon-format.

Schedule F

Direct Billing Services

HQY provides direct billing services through HQY's Affiliate, WageWorks, Inc. ("WW"). This direct billing Services Schedule sets forth the direct billing services to be provided by WW to Employer and is incorporated into and made part of the Agreement. Capitalized terms used in this Direct Billing Services Schedule, but not defined herein, shall have the meanings ascribed to them in the Terms and Conditions to the Agreement. Notwithstanding anything in this Schedule to the contrary, HQY (or any of its other Affiliates) may provide direct billing Services in place of WW.

1 Definitions.

- 1.1 "DB Administrative User" means an employee of Employer who is authorized to access and use the Direct Billing Portal to manage direct billing benefits established by or on behalf of Employer.
- 1.2 "DB Participant" is an employee or former employee of Employer who Employer has indicated to WW is eligible for direct billing services.
- 1.3 "Direct Billing Portal" means all web-based software applications to which Employer and/or DB Participant are granted access in connection with the direct billing Services.
- 1.4 "Services" means direct billing related benefits administered by WW for Employer under this Direct Billing Schedule.

2 Relationship.

- 2.1 The Parties acknowledge and agree that this Schedule is solely between WW and Employer, and is independent of any relationship that either WW or Employer may have with any insurance carrier, third party administrator, benefits administrator, or any other third party. For purposes of this Schedule, the term "Employer" shall include Employer in its capacity as plan sponsor of one or more group health plans or employee welfare benefit plans.
- 2.2 Employer acknowledges and agrees that WW's obligations hereunder are subject to, and contingent upon, Employer's accurate and timely compliance with the duties set forth in Section 4. In all events, Employer is responsible for compliance with applicable law (including the Consolidated Omnibus Reconciliation Act of 1985, as amended) and the review and approval of WW's Direct Billing documents and templates, and WW's Direct Billing administration process.
- 2.3 The Parties also acknowledge and agree that WW shall have no responsibility for the funding of any premium payments on behalf of DB Participants.

3 WW Duties.

Program setup	a. Conduct a welcome and implementation phone call with Employer to complete a program election questionnaire that includes Employer's Direct Billing program elections and desired Direct Billing Portal configurations. b. After the completed and executed program election questionnaire is received by WW, WW shall complete all required Direct Billing Portal configuration to match Employer's elections, provided, however, that WW will identify all elections that it cannot configure and work with Employer to resolve the configuration. c. Provide DB Administrative Users with training on how to use the Direct Billing Portal.
Employer file integration	d. Educate DB Administrative User(s) on available methods for Employer to submit data or files to the Direct Billing Portal, e.g., Direct Bill Import & Changes Specification files. The available options for data submission are: (i) manual entry on the Direct Billing Portal, (ii) upload a file in an approved format (.csv, .txt, or .xlsx), and (iii) have a third-party benefits administrator send WW a file in an approved format (.csv, .txt, or .xlsx).
Takeover of existing DB Participants	e. Support transition from prior administrator of existing DB Participants. f. Send a welcome letter to existing DB Participants explaining the transition of services to WW. g. Send payment coupons to existing DB Participants.
Direct Bill Open	Direct Bill Open Enrollment Services, generally. During implementation, Employer will be set

Enrollment ("DBOE")	up with the Standard Open Enrollment service, unless Employer otherwise elects the 'custom' option. During plan and rate renewal or such other time as directed by Employer, if Employer elects the 'standard' or 'custom' OE Services, Employer shall provide written notification to WW of such election. h. <u>Partial</u>: i. Partial service applies to Employers that mail their own DBOE materials and process their own DBOE elections. ii. Employer must advise WW of any required updates utilizing a mutually agreed method (i.e., WW's standard format or an existing format WW already receives). iii. WW will manage adding, updating or terminating plans; carrier and billing updates; and will produce and mail an updated rate change notice and/or premium statement to the DB Participants providing the applicable premium changes for the Employer's plan(s)' next determination period. iv. Postage and additional printing fees may apply in some situations and will be disclosed to the Employer. v. For clarity, the Partial service does <u>not</u> include the fulfillment of the DBOE materials or processing of election forms. i. <u>Standard</u>: Standard DBOE shall include part (iii) of the Partial DBOE offering as well as the following: i. WW will manage adding, updating or terminating plans, carrier billing updates, and will produce an updated premium statement to DB Participants announcing the applicable Direct Bill premium change for the Employer's plan(s)' next determination period. ii. WW updates, prints, and mails DBOE notifications on behalf of the Employer, up to 7 sheets of paper (double-sided), to DB Participants. WW will provide carrier and billing updates. iii. Postage and additional printing fees may apply in some situations and will be disclosed to the Employer. j. <u>Custom</u>: Custom OE shall include part (iii) of the Partial DBOE offering as well as the following: i. WW will manage adding, updating or terminating plans, carrier billing updates, and will produce an updated premium statement to DB Participants announcing the applicable Direct Bill premium change for the Employer's plan(s)' next determination period. ii. WW updates, prints, and mails DBOE notifications on behalf of the Employer, up to 30 sheets of paper (double-sided), to DB Participants. WW will provide carrier and billing updates. iii. Special handling for division-based communications and/or custom inserts. Postage and additional printing fees may apply in some situations and will be disclosed to Employer.
Ongoing monthly administration	k. WW shall provide the following ongoing monthly administration Services, as applicable: 1. Provide a website (the Direct Billing Portal) through which DB Participants may view program communications, and process direct billing payments; 2. Provide a website (the Direct Billing Portal) through which Employer may view program information, access reports, and take the following actions: • Upload Direct Bill Import & Changes Specification files, or manually enter information about DB Participants; and • View DB Participant information, e.g., communications mailed to the DB Participant, and payment history; 3. Receive and process Direct Bill Import & Changes Specification files;

	4. Provide general communications to DB Participants; 5. Send direct billing payment coupons to DB Participants; 6. Process direct billing payments received via mail or via the Direct Billing Portal; 7. Remit direct billing payments monthly to the Employer; and 8. Work with Employer to resolve any escalated issues.
Customer service	WW shall make available to DB Participants a toll-free number (in the US) to access its direct billing service center.
Escheatment	To the extent applicable, WW will return unassociatable or unused funds related to plan or program services to Employer who shall be responsible for compliance with escheatment obligations (if any). If Employer is not able to, or declines to, accept returned funds, then Employer agrees that WW will be entitled to the funds as part of its overall compensation for services. If WW is not able to locate Employer, then WW (the holder) will comply with applicable state unclaimed property laws regarding the funds, which may require WW to escheat funds in the name of Employer (the owner) to the relevant state.

4 Employer Duties.

Program setup	a. Employer to complete a program election questionnaire that includes Employer's Direct Billing program elections and desired Direct Billing Portal configurations.
Designate contact	b. Employer shall designate at least one employee as the primary contact who has familiarity with the Employer's Direct Billing program; the contact shall provide WW with advance notice before any changes to the Employer's Direct Billing program become effective and be available consult with WW from time to time as reasonably necessary for WW to provide the Direct Billing services described herein. For the avoidance of doubt, no change shall become effective unless and until accepted and programmed by WW.
Provide data	c. Employer shall have sole responsibility for providing WW with accurate, complete and timely data. WW's responsibility for sending communications and payment coupons to DB Participants is contingent upon Employer providing WW with accurate, complete, and timely information. Employer is responsible for correcting errors in any data sent to WW. WW is not responsible for any liabilities, penalties, or losses due to data or information that is untimely, inaccurate or otherwise invalid. To the extent that Protected Health Information ("PHI") (as defined in the HIPAA Regulations) is transmitted by Employer to WW or the Direct Billing Portal, Employer shall make any such transmission in a secure and encrypted manner, and in accordance with all applicable HIPAA privacy rules and requirements. d. In the event of rate or plan changes for DB Participants, Employer will provide updated rate information 60 days in advance of effective date.
Employer access	e. Employer shall: (i) keep its and its DB Administrative Users' passwords used to access the Direct Billing Portal confidential and secure; (ii) prohibit its DB Administrative Users from attempting to gain unauthorized access to the Direct Billing Portal and any related systems or networks; and (iii) implement prudent management controls with respect to Employer and Employer's DB Administrative Users' access to and use of the Direct Billing Portal, which include segregation of duties among multiple DB Administrative Users and dual approvals for key activities.

5 Fees. Unless otherwise set forth herein, the fees for the Services under this Schedule shall be as set forth in the Order

Form, including any OE fees, as applicable.

- 5.1 Implementation fees shall be as specified on the Order Form.
- 5.2 **Annual Set-up Fee.** For each year that Employer requests WW to update rates or update information or costs of DB Participants, WW shall be entitled to charge Employer a fee of \$150.
- 5.3 Any program customizations or special requests (e.g., custom file types, additional communications, custom reports, special mailings outside of HQY standard communications, etc.) requested by Employer will be evaluated and quoted on a case-by-case basis. Such program customizations and special requests will only be provided after Employer has accepted the quote.
- 5.4 Any requests to pull generated materials to prevent mailing will be subject to an additional fee of \$7 per envelope.
- 5.5 WW reserves the right to pass through increased costs associated with USPS postal rate increases. All costs associated with requests to mail notices overnight or via express mail will be passed on to Employer in addition to cost of time incurred at \$250/hour.
- 5.6 **Open Enrollment Fees.** Fees for Direct Bill Open Enrollment Services are as follows:

Direct Bill Open Enrollment ("DBOE")	Fee
Partial	The fee for the Partial offering for DBOE is included in the annual set up fee specified in Section 5.2
Standard	\$15 per DBOE packet mailed
Custom	\$22 per DBOE packet mailed

- 5.7 **Other Compensation.** Direct billing payments are collected and deposited in an omnibus processing account with a federally insured financial institution, titled "WageWorks Omnibus Account for the Benefit of Employers" (or similar title). The account is not treated as a plan asset and is subdivided as WW determines appropriate to maintain separate records for each employer. Funds deposited in the omnibus account are held in that account until the direct billing payments are either sent to the Employer or remitted to the carrier (if Employer has elected to receive and pay for carrier remission services) and the payments clear. Omnibus account balances earn interest at a rate determined by the depository institution (such earnings are referred to as "float earnings"). Float earnings are used first to pay fees associated with the account. WW will retain any float earnings that remain after such fees are paid as part of its compensation for Services. If fees associated with the account exceed float earnings, WW will be solely responsible for paying the excess over float earnings. WW will provide information regarding float earnings as the Employer may reasonably request for the purpose of evaluating the reasonableness of WW's compensation.

6 Term and Termination.

- 6.1 **Term.** The term of this Schedule shall begin on the Order Form Effective Date and continue through and including the Order Form Term (the "Initial Term"). This Schedule will thereafter automatically renew for additional 12-month terms unless either Party has terminated this Schedule in accordance with Section 6.2. Notwithstanding the foregoing, if the entire Agreement is terminated at any time, the term of this Schedule shall terminate as of the date on which the entire Agreement is terminated.
- 6.2 **Termination for convenience.** Following the Initial Term, either Party may terminate this Schedule at any time, subject to providing 90 days' advance written notice.
- 6.3 In addition to the termination rights set forth in the Agreement, WW may terminate this Schedule upon the occurrence of any of the following:
- 6.3.1 Misuse of the Direct Billing Portal;
 - 6.3.2 Failure by Employer to pay fees when due; and
 - 6.3.3 Failure to provide timely, accurate, and complete data in the agreed upon-format.

Annex 1

Data Security Addendum (DSA)

This Data Security Addendum (“**DSA**”) supplements the Agreement between Employer and HQY and is hereby incorporated by reference into the Agreement. Capitalized terms not defined in this DSA shall have the meaning ascribed to them in the Agreement. In the event of a conflict between this DSA and the Agreement, this DSA will govern. This DSA will survive termination or expiration of the Agreement.

1. General. To provide Employer with the services contemplated under the Agreement (collectively referred to as “Services”), HQY may have access to certain Employer information and systems, including Covered Information.
2. Compliance.
 - A. HQY will comply with applicable Data Protection Laws in accordance with Section 4.3 of the General Terms and Conditions. HQY is responsible for understanding which Data Protection Laws apply to the Services and the data in scope and agrees to provide the same, or stronger, level of protection required under Data Protection Laws, and to implement the security procedures and practices set forth herein to protect Covered Information from unauthorized or illegal access, destruction, use, modification, or disclosure.
 - B. HQY is responsible for its subcontractor’s compliance with Data Protection Laws and this DSA. For subcontractors who collect, transmit, share, store, control, process, manage or access Covered Information, HQY is responsible for assessing and monitoring subcontractor control environments for compliance with Data Protection Laws and Company’s standards as documented in this DSA. HQY shall ensure that any of its subcontractors having access to Covered Information shall be contractually bound to meet or exceed these information security provisions.
 - C. HQY shall reasonably cooperate with Employer in responding to and complying with valid, verified requests from Data Subjects submitted pursuant to applicable Data Protection Laws.
 - D. HQY and Employer agree that, regarding any Covered Information HQY receives or obtains in connection with the Agreement(s), (i) Employer is not Selling to HQY or Sharing (as each item is defined under applicable Data Privacy Laws) such Covered Information to HQY and (ii) HQY is not providing, and shall not provide, any monetary or other valuable consideration to Employer for such Covered Information. Additionally, HQY shall not Sell or Share Covered Information it receives from, or on behalf of, Employer.
 - E. If HQY is processing Personal Information, without limiting any obligations under the Agreements, HQY acknowledges that Employer is disclosing Personal Information to HQY and/or HQY is collecting Personal Information for the purpose of Supplier providing the Services, including improvements or enhancements made thereto (the “Business Purpose”), and HQY shall not retain, use, process, or disclose said Personal Information: (a) for any purpose other than the Business Purpose, or (b) in an identifiable form in combination with any other Personal Information HQY collects, except as permitted by Applicable Laws. If HQY Processes Personal Information that is considered “Sensitive” under Data Protection Laws, HQY shall assist Employer, upon reasonable request and subject to Applicable Laws, to limit the use of such Sensitive Personal Information.
 - F. Without limiting Employer’s rights or HQY’s obligations under the Agreements, Employer shall: (i) take reasonable and appropriate steps to ensure that HQY uses the Personal Information that it receives from, or on behalf of, Employer in a manner consistent with Applicable Laws.
3. Usage, Integrity, and Security Requirements.
 - A. HQY may access, collect, process, disclose, store, transfer, amend, or destroy Covered Information as necessary to perform its obligations under the Agreement and otherwise as permitted by Employer or Applicable Laws.
 - B. HQY shall take reasonable steps and implement industry standard measures (such as passkey) to prevent the unauthorized collection, access, use, modification, transfer, processing, inspection, perusal, destruction, or recording of Covered Information that is stored with, provided to, or collected by or on behalf of HQY under the Agreement. At a minimum, HQY shall implement industry standard measures regarding the following controls:
 - i. logical segregation of Covered Information from other third-party data;
 - ii. integrity controls to prevent the unauthorized alteration, modification, or destruction of Covered Information;

- iii. access controls to ensure only authorized personnel have access to the Covered Information and such access is limited to the minimum amount and level required for such authorized personnel to provide the Services;
- iv. only collect and store Covered Information within the United States;
- v. prevent unauthorized disclosure of Covered Information to any third party unless:
 - i. such disclosure is reasonably required to be made in the performance of the Services or other HQY obligations under the Agreement; and
 - ii. HQY imposes (or has imposed) contractual restrictions substantially similar to the Agreement on the recipient third party;
- vi. ensure the reliability of any individuals that have access to Covered Information, including without limitation, by performing background checks upon such employees (where permissible under Applicable Law).

Notwithstanding the foregoing, HQY is not responsible for any data (or identity) breaches within Employer's systems or for failures of Employer to secure employee data security systems, controls or measures, either directly, or through Employer's vendors or subcontractors.

- C. Within 30 days after a written request by Employer, upon the termination or expiration of the Agreement, HQY shall: (a) provide Employer (or a third-party designee selected by Employer) with a copy of all Covered Information in HQY's possession through an approved secure transmission and in a format that is acceptable to Employer; (b) upon Employer's request, HQY shall securely destroy all Covered Information (in any format) and all copies and records thereof in a manner that makes such Covered Information non-readable and non-retrievable; provided that HQY may retain an electronic copy to comply with Applicable Law and archival purposes; and (c) upon Employer's request, provide Employer with a certificate of such destruction or disposal; provided that such certificate does not impose any additional obligations on HQY that are not already covered by this Agreement. To the extent Employer requests Covered Information in non-standard formats or through non-standard processes, any reasonable, documented costs associated with such request may be charged to Employer, provided that (i) HQY gives Employer advance written notice of its intent to incur such costs and (ii) Employer approves such costs in writing prior to incurrence.

4. Governance and Program Management.

- A. HQY will assign an individual who is responsible for the information security program at HQY.
- B. HQY has and shall maintain an established and formal information security program that addresses the management of security and the controls employed within the organization. HQY will maintain and enforce security policies consistent with an industry-recognized framework (e.g. NIST Cybersecurity Framework) and all applicable regulatory and legal security requirements.
- C. HQY will maintain and enforce a written privacy policy to ensure proper access, use or disclosure by HQY of Covered Information.
- D. HQY shall document its information security policy and procedures addressing all the activities relating to the handling and management of Covered Information.

5. Safeguards. To ensure the confidentiality, security, and integrity of Covered Information, HQY shall implement and maintain during the Term information security policies, procedures, and controls, which are compliant with Applicable Law, Data Protection Laws, applicable Information Security Standards, and the requirements set forth in this DSA. While HQY has access to or maintains Covered Information HQY will maintain reasonable safeguards, including administrative, technical, and physical controls designed to ensure the privacy, security, integrity, and confidentiality of the Covered Information, including the following:

- A. Physical Access. HQY will maintain physical access and environmental controls designed to secure relevant facilities, infrastructure, data centers, hard copy files, servers, backup systems, and equipment (including mobile devices) used to access Covered Information, including controls to prevent, detect, and respond to attacks, intrusions, or other system failures.
- B. User Authentication. HQY will maintain commercially reasonable user authentication and access controls within operating systems, applications, equipment, and media.
- C. Personnel Security. HQY will maintain personnel policies and practices restricting access to Covered Information, including having confidentiality agreements with and performing background checks in accordance with Applicable Laws on all personnel who access Covered Information or who maintain, implement, or administer HQY's information security program and safeguards.

- D. Logging and Monitoring. HQY will log and monitor the details of access to Covered Information on networks, systems, and devices operated by HQY.
 - E. Malware Controls. HQY will maintain reasonable and up-to-date controls to protect all networks, systems, and devices that access Covered Information from malware and unauthorized software.
 - F. Security Patches. HQY will maintain controls and processes designed to ensure that networks, systems, and devices (including operating systems and applications) that access Covered Information are up to date, including prompt implementation of security patches categorized as critical and high when issued.
 - G. User Account Management. HQY will implement reasonable user account management procedures to securely create, amend, and remove user accounts on networks, systems, and devices through which HQY accesses Covered Information, including monitoring redundant accounts and ensuring that all account requests are properly authorized.
6. Access Controls. HQY will:
- A. maintain reasonable controls to ensure that only individuals who have a legitimate need are permitted to access Covered Information;
 - B. promptly terminate an individual's access to Covered Information when such access is no longer required;
 - C. log the appropriate details of access to Covered Information on HQY's systems and equipment; and
 - D. be responsible for any unauthorized access to Covered Information.
7. Encryption Requirements. HQY will encrypt all Covered Information, using a then-current commercially reasonable, NIST approved encryption standard, including those required by Applicable Law or applicable standards (e.g. FIPS 140-2) that is (a) stored on computing devices, portable devices or portable electronic media; (b) maintained outside of HQY's facilities (e.g. in the cloud), excluding hard copy documents; or (c) transferred across any public network.
8. Training and Supervision. HQY will provide reasonable ongoing privacy and information protection training and supervision for all HQY's personnel who access Covered Information (and require third party subcontractors to provide similar).
- A. HQY shall:
- i. utilize qualified security and privacy personnel sufficient to manage the HQY's security and privacy risks;
 - ii. provide security and privacy personnel with security and privacy updates and training sufficient to address relevant security and privacy risks; and
 - iii. verify that key security and privacy personnel take steps to maintain current knowledge of changing cybersecurity threats and countermeasures.
9. Software Development Security. HQY will maintain a written Software Development Life Cycle program based on industry best practices that also incorporates security and privacy by design principles based on OWASP, the Microsoft Security Development Lifecycle, or substantially similar and industry recognized practices. The program must be designed to ensure the use of security development practices and procedures for evaluating or testing the security of externally developed applications utilized by HQY to provide services to Employer.
10. Business Continuity and Disaster Recovery.
- HQY will maintain a business continuity plan and disaster recovery plan. These plans will be tested by HQY at least annually. Upon request, but not more than once annually, HQY will provide executive summaries of annual testing.
11. Third Party Providers. HQY will contractually require each third-party provider that accesses Covered Information to protect the privacy, confidentiality, integrity, and security of Covered Information using substantially the same level of protection (or greater levels of protection) and confidentiality obligations that apply to HQY. HQY will regularly assess, based on a risk ranking, HQY's third-party providers' compliance with those contractual requirements.
12. HQY's Penetration Testing.
- A. HQY will have an accredited third party perform annual manual and automated vulnerability testing (including penetration testing based on recognized industry best practices) on HQY's networks, systems, software, and devices used to provide the Services.
 - B. Upon Employer's written request, not more than once per calendar year, HQY will provide Employer with an attestation that such penetration testing has been performed and the status of remediation of any critical and high-risk findings. Employer will treat these results as HQY's Confidential Information.
13. Audits, Certifications, and Reports.

- A. HQY agrees to have an annual NIST CSF, SOC 1 Type 2, or SOC 2 Type 2 security assessment performed by an accredited third-party.
- B. Upon request, HQY agrees to provide to Employer, at no cost to Employer, within ninety (90) days after the end of each calendar year, a copy of either, that years SSAE18 SOC 1 or 2 Type II report (with accompanying bridge letter if appropriate). If no SOC 2 assessment was conducted, then HQY agrees to provide a summary of the NIST CSF assessment report.
14. Incident Response. HQY will maintain an Incident response and crisis communication program reasonably designed to detect, contain, respond, and recover from an Incident.
15. Incident Notification and Resolution. In the event of an Incident involving Covered Information HQY shall (at HQY's cost): (i) provide Employer prompt, written notice of such Incident, (ii) remediate and correct the Incident within a reasonable time, and (iii) and provide updates to Employer on a mutually agreeable timetable.
- A. To the extent known, said notification shall include reasonable information about the Incident, including:
- a description of the Covered Information subject to the Incident (the categories and number of data records concerned);
 - the date and time of the Incident;
 - a description of the likely consequences of the Incident;
 - a description of the circumstances that led to the Incident (e.g., loss, theft, copying);
 - a description of immediate measures being taken to remediate any adverse effects of the Incident;
 - a description of the measures HQY propose to implement to prevent the same or similar Incident from occurring again; and
 - a summary of the status and results of the investigation.
- B. HQY shall cooperate with Employer, and any reputable third party selected by Employer and any Applicable Law enforcement or regulatory authority in the event of a regulatory inquiry, litigation, or other legal process concerning the Incident.
- C. HQY shall not notify any affected Employer client (both current and past), account holder (both current and past), participant (both current and past), partner (both current and past), (both current and past), personnel (both current and past), or other entities other than Employer (collectively, "Impacted Parties"), unless required under applicable law or agreed to in advance by Employer in writing. If HQY is required to provide notification, either by Applicable Law or by the Agreement, HQY shall bear all expenses associated with such notification, including any credit monitoring and/or call center services. Subject to the requirements of Applicable Law, HQY shall provide Employer advance notice and a reasonable opportunity to provide input on the timing, method, and content of any notification to Impacted Parties. For the avoidance of doubt and notwithstanding the foregoing, it is understood, and Employer and HQY agree, that HQY shall be permitted to notify relevant law enforcement agencies, HQY's outside counsel, and HQY's internal and external incident response teams at HQY's sole discretion as part of HQY's incident response program.
16. No Unauthorized Statements. Except as required by Applicable Law, HQY will not make (or permit any third party to make) any statement concerning the Security Incident that directly or indirectly references Employer, unless Employer provides its explicit written authorization.
17. Definitions: The following terms shall have the meanings ascribed to them below for this Annex:

"Approved Encryption" means industry standard encryptions or algorithms as described in Section 7 of this Annex, which encryptions or algorithms may be updated or enhanced by HQY over time due to changes in Applicable Law or industry standards.

"Breach" means collectively or individually an Incident or System Breach.

"Covered Information" means any Personal Information or Sensitive Personal Information (or equivalent or similar terms defined in Data Protection Laws) from or about Employer and Employer's members, account holders, or participants (both existing and expired), in physical or electronic form, that is reasonably accessible and is collected, stored, transmitted, processed, hosted, used, handled, or disposed of by HQY under the Agreement.

"Data Protection Law(s)" means all applicable federal or state privacy, AI, consumer data rights, data security laws, and data protection laws, statutes, rules and regulations (including any self-regulatory organization) binding HQY in effect currently or at any time hereafter, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Gramm-Leach-Bliley Act ("GLBA"), the Fair Credit Reporting Act ("FCRA"), and the California Privacy Rights Act of 2018 ("CCPA"), including its implementing regulations, amendments, and successors to each of the foregoing.

“Data Subject” means any individual employee, consumer, customer, member, account holder, or participant whose Covered Information is accessed, collected, stored, transmitted, processed, hosted, used, handled, or disposed of by HQY under the Agreement.

“HQY Systems” means any network, systems, infrastructure, or devices used to access, process, display, or store information by HQY in the provision of the Services.

“Incident” means an actual unauthorized access, possession, manipulation, transmission, disclosure, viewing, perusal, destruction, or use of Covered Information.

“Information Security Standards” means then-current industry standard practices relating to information and infrastructure security and privacy, provided that such standards shall be consistent with NIST, SSAE 18, or ISO/IEC 27001 (and all applicable successor provisions).

“Personal Information” means any information related to an identified or identifiable individual.

“Sensitive Personal Information” means any Personal Information that is: (a) protected under the (i) HIPAA, (ii) GLBA, or (iii) FCRA; (b) defined as sensitive under any Applicable Law; or (c) any data that if disclosed to an unauthorized party would likely cause serious harm to the data subject, including without limitation, government issued identifiers (e.g., SSN and passport numbers) and biometric information.

“System Breach” means any actual unauthorized access to or manipulation of any HQY Systems.

Annex 2

Business Associate Agreement (BAA)

1 Scope.

This Business Associate Agreement ("BAA") shall only apply to those services provided by Business Associate to Covered Entity (each defined below) as described in the Master Services Agreement ("Agreement").

2 Definitions.

2.1 Catch-all definition. The following terms, when used in this BAA, shall have the meaning given in the Health Insurance Portability and Accountability Act of 1986 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act, and the regulations thereunder: Attestation, Breach, Data Aggregation, Designated Record Set, Disclosure, Final Rule, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Reproductive Health Care, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2.2 Specific definitions.

- "Business Associate" shall generally have the same meaning as the term "business associate" at 45 CFR 160.103, and in reference to the party to this BAA, shall mean HealthEquity, Inc.
- "Covered Entity" shall have the same meaning as the term "Covered Entity" at 45 CFR 160.103, and in reference to the party to this BAA, shall mean the Employer.
- "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

3 Obligations and Activities of Business Associate.

3.1 Business Associate agrees to:

- (a) Not use or disclose Protected Health Information other than as permitted or required by the Agreement or as Required By Law;
- (b) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information, to prevent use or disclosure of Protected Health Information other than as provided for by the Agreement;
- (c) Report to Covered Entity any use or disclosure of Protected Health Information not provided for by the Agreement of which it becomes aware, including Breaches of Unsecured Protected Health Information as required at 45 CFR 164.410, and any Security Incident of which it becomes aware. For this purpose, a Breach is reportable to Covered Entity without regard to whether, in Business Associate's determination, any harm will result from the Breach;
- (d) In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any Subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information;
- (e) Make available Protected Health Information in a Designated Record Set to the Individual or the Individual's designee as necessary to satisfy Covered Entity's obligations under 45 CFR 164.524;
- (f) Make any amendment(s) to Protected Health Information in a designated record set as directed or agreed to by the Covered Entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 CFR 164.526. If the Business Associate receives directly from the Individual a request to amend the Protected Health Information that is within the Business Associates' control, the Business Associate shall make such amendments within 30 days of the written request to the extent such request is not inconsistent with the existing designated record sets (e.g., change of an Individual's identifiers such as Date of Birth will be considered inconsistent.) Any inconsistent request will be forwarded to Covered Entity for Covered Entity's determination of whether to amend the Individual's record;
- (g) Maintain and make available the information required to provide an accounting of disclosures to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.528. If Business Associate receives a request for an accounting of disclosures directly from the Individual, Business Associate shall promptly forward that request to the Covered Entity and make available the requested records to Covered Entity within 30 days from the receipt;
- (h) To the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart

E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s);

- (i) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate or its agents or subcontractors in violation of the requirements of this Agreement.
- (j) If applicable to the services performed by Business Associate, relating to the use or disclosure of PHI for specific purposes connected to Reproductive Health Care, notify Covered Entity in the event of any use or request to use such PHI that is for a prohibited purpose as set forth in the Final Rule. Covered Entity and Business Associate shall work together to provide the Attestation required by the Final Rule, if necessary; and,
- (k) Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

3.2 The Parties acknowledge that probes and reconnaissance scans are commonplace in the industry and, as such, the Parties acknowledge and agree that, to the extent such probes and reconnaissance scans constitute Security Incidents, this section constitutes notice by Business Associate to the Covered Entity of the ongoing existence and occurrence of such Security Incidents for which no additional notice to the Covered Entity shall be required. Probes and reconnaissance scans include, without limitation, pings and other broadcast attacks on Business Associate's firewall, port scans, and unsuccessful log-on attempts, as long as such probes and reconnaissance scans do not result in unauthorized access, use or disclosure of Protected Health Information.

4 Permitted Uses and Disclosures by Business Associate.

- 4.1 Business Associate may only use or disclose Protected Health Information as necessary to perform the services described in the Agreement.
- 4.2 In addition to other permissible purposes, the Business Associate is authorized to use Protected Health Information to de-identify the information in accordance with 45 CFR 164.514(a)-(c) for internal analysis of operational efficiencies, and to determine if additional services should be developed or offered to users.
- 4.3 Business Associate may use or disclose Protected Health Information as Required By Law.
- 4.4 Business Associate agrees to make Uses and Disclosures and requests for only the Minimum Necessary Protected Health Information to accomplish the purpose of the Use, Disclosure or request.
- 4.5 Business Associate may not use or disclose Protected Health Information in a manner that would violate Subpart E of 45 CFR Part 164 if done by Covered Entity except for the specific Uses and Disclosures set forth below.
- 4.6 Business Associate may use Protected Health Information as necessary for the proper management and administration of its business or to carry out its legal responsibilities, provided the disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as Required By Law or for the purposes for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- 4.7 Business Associate may provide data aggregation services relating to the Health Care Operations of Covered Entity.

5 Responsibilities of Covered Entity.

- 5.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 CFR 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of Protected Health Information.
- 5.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to use or disclose his or her Protected Health Information, to the extent that such changes may affect Business Associate's Use or Disclosure of Protected Health Information.
- 5.3 Covered Entity shall notify Business Associate of any restriction on the Use or Disclosure of Protected Health Information that Covered Entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's Use or Disclosure of Protected Health Information.
- 5.4 Covered Entity shall use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information that it may access from Business Associate's system, and to ensure that the Use or Disclosure of such Protected Health Information comply with the HIPAA Rules. Business Associate shall not be responsible for enforcing such Covered Entity-developed safeguards.
- 5.5 Covered Entity shall ensure that the data it transmits, or direct another entity to transmit, to Business Associate, is timely, complete, and accurate, and will not cause a Security Incident or commit a Breach.

- 5.6 If applicable to the services performed by Business Associate, Covered Entity may disclose to Business Associate, and Business Associate may use, certain patient identifying information regarding the treatment, diagnosis and/or referral for treatment of substance use disorder ("Patient Identifying Information"). The parties acknowledge and agree that Patient Identifying Information is subject to additional protections and safeguards pursuant to 42 CFR Part 2, which information is a subset of PHI. Business Associate agrees, upon receipt of any Patient Identifying Information and a copy of the patient's consent, to comply with all applicable provisions of the Part 2 Regulations. Without limitation, Business Associate agrees to (i) use such information in accordance with the patient's consent; (ii) use such information solely to carry out payment and/or health care operations activities on behalf of Covered Entity; and (iii) not disclose (or re-disclose) any Patient Identifying Information to a third party, unless such third party is a contracted agent of Business Associate and has agreed to only further disclose the information back to Business Associate or Covered Entity or as otherwise permitted by Applicable Law;
- 5.7 To the extent Covered Entity releases or transmits Patient Identifying Information to Business Associate, it agrees to comply with the requirements of the 42 CFR Part 2 with respect to all Patient Identifying Information it transmits, or instructs another party to transmit, including 1) not transmitting any Patient Identifying Information without having first obtained the patient consent required by 42 C.F.R. § 2.31, 2) not transmitting any Patient Identifying Information without including the notice required by 42 C.F.R. § 2.32 and a copy of the consent for each individual whose Patient Identifying Information is being transmitted, 3) transmitting all Part 2 Information to Business Associate in an agreed upon file format, and 4) notifying Business Associate of any revocation of the patient's consent to disclose.

6 Permissible Requests by Covered Entity.

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by Covered Entity, except for data aggregation or management and administration and legal responsibilities of Business Associate in accordance with the Agreement.

7 Term and Termination.

- 7.1 Term. The Term of this BAA shall be effective no later than the effective date of the Agreement ("Effective Date") and, except as provided in section 7.3, shall terminate coincident with the termination of the Agreement, or on the date Covered Entity terminates for cause as authorized in section 7.2, whichever is sooner.
- 7.2 Termination for Cause. Business Associate authorizes the termination of this BAA by Covered Entity, if Covered Entity determines Business Associate has violated a material term of this BAA and Business Associate has not cured the Breach or ended the violation within the time specified by Covered Entity.
- 7.3 Obligations of Business Associate upon Termination. Upon termination of this BAA for any reason, Business Associate, with respect to Protected Health Information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:
- (a) Retain only that Protected Health Information which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
 - (b) Destroy physical embodiment or delete electronic embodiment of the remaining Protected Health Information that the Business Associate still maintains in any form;
 - (c) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Section, for as long as Business Associate retains the Protected Health Information;
 - (d) Not use or disclose the Protected Health Information retained by Business Associate other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out in sections 3.1(e) and 3.1(f) above which applied prior to termination; and
 - (e) Destroy or delete the Protected Health Information retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities. Data on backups will be destroyed through attrition.
- 7.4 Survival. The obligations of Business Associate under this Section will survive termination of the BAA or the Agreement.

8 Miscellaneous.

- 8.1 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as is necessary for compliance with the requirements of the HIPAA Rules and any other applicable law.
- 8.2 Interpretation. Any ambiguity in this BAA shall be interpreted to permit compliance with the HIPAA Rules.
- 8.3 No Third Party Beneficiary Rights. This BAA is between Covered Entity and Business Associate and shall not be construed, interpreted, or deemed to confer any rights whatsoever to any third party or parties.
- 8.4 Indemnification. The Parties agree that if the Agreement provides for indemnification under specified terms and

conditions, then such indemnification shall extend to the same terms and conditions with reference to the duties and obligations set forth in this BAA.

8.5 Notices. The contact information provided in the Agreement shall be used for any notices under this BAA.

October 5, 2026

To: The Honorable Mayor and City Council

From: Eric F. Wagenaar, City Manager

Subject: A Local Law Amending the Code of the City of Watertown,
Chapter 301: Water

In accordance with City Code Section 301, the following amendments, as outlined in the accompanying local law, are recommended for adoption. The proposed changes arise from the need to prepare for pending changes to the Lead Service Line Improvement Law. The amendments will clarify ownership responsibilities, modernize the acceptable materials used for water services, and establish a defined process for missed appointments and persistently delinquent accounts.

The clarification of ownership responsibilities is intended to eliminate uncertainty regarding where the City's responsibility for water services begins and ends. Clearly delineating these responsibilities will establish accountability for the maintenance, repair, and upkeep of water service infrastructure, as well as the associated costs.

The proposed local law will prohibit the use of lead and galvanized piping for the delivery of potable water, bringing the City Plumbing Code into alignment with the Lead Service Line Improvement Law. In addition to eliminating lead and galvanized materials, the proposed Code amendments will permit the use of approved plastic piping from the curb stop to the water meter and outline the permitted method of installation.

Staff recommends that Council set a public hearing to receive public comment on the proposed amendments to the local law.

LOCAL LAW

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A Local Law Amending the Code of the
City of Watertown, Chapter 301: Water

Council Member GARRABRANT, Shane A..

Council Member KIMBALL, Robert O.

Council Member OSBORNE Jr, Douglas E.

Council Member SHOEN, Benjamin P.

Mayor PIERCE, Sarah V.C.

Total

YEA	NAY

Introduced by _____

A Local Law Amending the Code of the City of Watertown, Chapter 301: Water.

WHEREAS the City of Watertown owns and operates a Water Treatment, Filtration and Distribution System, and

WHEREAS the Code of the City of Watertown, Chapter 301: Water, contains provisions pertaining to the management and operations of the Water Treatment, Filtration and Distribution System, and

WHEREAS it is necessary to revise certain sections in Chapter 301 of the Code of the City of Watertown in order to comply with current plumbing codes for the health and safety of the residents of the City, and

NOW THEREFORE BE IT ENACTED that § 301-1 of the Code of the City of Watertown is amended as follows:

§ 301-1. Definitions.

When used in this chapter, unless otherwise expressly stated, the following words and terms shall have the meanings indicated:

APPROVED – Accepted for use in connection with water service by the Superintendent.

CONSUMER – A person owning and/or occupying real property who is receiving water for use thereon from the municipal mains. This can include a property manager or designated agent with written consent to sign for fees outlined within this Chapter of the Code.

CURB STOP – The outside control valve on the water service.

CURB-STOP-TO-METER SERVICE – That portion of the water service line lying between the curb stop or outside gate valve and the water meter.

DEPARTMENT – There shall be a Department of Water.

FIRE SERVICE – The service pipe and all required appurtenances from the street main to the outlets inside the consumer's building, intended and to be used solely for fire-protection purposes. That portion from the main to the property line of the consumer shall be known as "main-to-line fire service" and that portion from the property line to the outlets shall be known as "line-to-outlet fire service."

GALVANIZED WROUGHT IRON PIPE – Steel or iron pipe coated with a protective layer of zinc to prevent rust and corrosion. Restricted to non-potable water lines due to aging, internal rust, and potential

LOCAL LAW

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A Local Law Amending the Code of the
City of Watertown, Chapter 301: Water

Council Member GARRABRANT, Shane A..

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Council Member SHOEN, Benjamin P.

Mayor PIERCE, Sarah V.C.

Total

YEA	NAY

leaching contaminants. While galvanized pipes are not made of lead, they are categorized as "requiring replacement" due to the potential health hazard (under the LCRI: Lead and Copper Rule Improvements).

INSPECTOR – An inspector from the Department of Water having such authority as may be conferred upon him by the Superintendent of the Water Department in conformity with this chapter.

LEAD SERVICE – A water pipe made entirely or partially of lead that connects a building's internal plumbing to a public water main. Service Lines with any component being made of lead are categorized as "requiring replacement" due to the potential health hazard (under the LCRI: Lead and Copper Rule Improvements).

MAIN – Any water main owned by the city and supplying or capable of supplying water to more than one consumer.

MAIN-TO-CURB-STOP SERVICE – That portion of water service from the supplying street main to the curb stop.

SUPERINTENDENT – There shall be a Superintendent who shall be in charge of water, wastewater, and hydroelectric generation.

WATER SERVICE – The service pipe and all required appurtenances from the street main to the first stop cock or valve inside the consumer's building.

And,

BE IT FURTHER ENACTED that § 301-4 of the Code of the City of Watertown is amended as follows:

§ 301-4. Costs of main-to-curb stop and fire services.

- A. The consumer shall pay the following charges for the installation or renewal of main-to-curb-stop service or fire service:

Size of Service Pipe (inches)	Charge
3/4	\$1,750
1	\$1,850
1 1/2	\$2,250
Larger than 1 1/2	Actual cost

- B. A tapping charge will be added to the above charges for main-to-curb-stop service or fire service, whenever a new tap is required. The consumer shall pay the following tapping charges, when required:

LOCAL LAW

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A Local Law Amending the Code of the
City of Watertown, Chapter 301: Water

Council Member GARRABRANT, Shane A..

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Total

YEA	NAY

Size of Service Pipe (inches)	Charge
3/4	\$112.50
1	\$150
1 1/2	\$225
2	\$300
Larger than 2	\$150 per inch of tap size

- C. When employees of the Department perform this service for a contractor or developer, the contractor or developer shall be charged \$150 per inch of tap, plus actual costs for labor, equipment, and materials provided in the performance of this service.
- D. The term "actual cost," as used in this section, shall mean all reasonable costs associated with the installation or renewal of the main-to-curb-stop service or fire service, or the tapping of a water main, including but not limited to labor, materials, equipment, road repairs, and curbing repairs.

BE IT FURTHER ENACTED that § 301-6 of the Code of the City of Watertown is amended as follows:

§ 301-6. Installation and safeguarding of meter.

- A. Meters for all water services within the city, except fire service, shall be furnished and installed by the Department.
- B. The consumer shall be responsible for the safeguarding of the meter. If the meter is not safeguarded, the "Consumer" shall be responsible for the fees associated with the replacement, including but not limited to labor, materials, and equipment.
- C. If so required by the Department, the meter shall be housed at the expense of the consumer.
- D. When service is temporarily discontinued, the Department will, when so requested in writing, remove, store and reset the meter without expense to the consumer.
- E. Meters must be in an accessible location for the purpose of servicing and ascertaining the quantity of water used and the manner of its use.
- F. The Department shall be allowed to install receptacles and related appurtenances on or inside the consumer's building, structure, or premises to accommodate the use of remote-reading-type water meters.

LOCAL LAW

Page 4 of 4

A Local Law Amending the Code of the
City of Watertown, Chapter 301: Water

Council Member GARRABRANT, Shane A..

Council Member KIMBALL, Robert O.

Council Member OSBORNE Jr, Douglas E.

Council Member SHOEN, Benjamin P.

Mayor PIERCE, Sarah V.C.

Total

YEA	NAY

And,

BE IT FURTHER ENACTED that § 301-8 of the Code of the City of Watertown is amended as follows:

§ 301-8. Size and type of service pipe.

- A. For water service lines two inches in diameter and smaller, the pipe shall be type K soft copper water tube.
- B. For water service lines larger than two inches in diameter, the pipe shall be cement-lined ductile iron pipe class 52.
- C. Replacements or renewals of existing service lines shall be made with appropriate materials as outlined in Subsection A or B, above, or as otherwise directed by the Department.

And,

BE IT FURTHER ENACTED that § 301-12 of the Code of the City of Watertown is amended as follows:

§ 301-12. PVC and plastic pipe.

PVC pipe and pipe made of polyethylene or other plastic materials crosslinked polyethylene (PEXa): for curb stop to meter sections of the water service. Must be run with a tracer wire and have a minimum bury depth of 66 inches (5 foot 6 inches of cover).

And,

BE IT FURTHER ENACTED that this Local Law shall take effect immediately upon being filed with the New York Secretary of State.

Seconded by _____

Staff Report

October 5, 2026

To: The Honorable Mayor and City Council

From: Erica Anderson, Assistant to the City Manager

Subject: Scheduling a Public Hearing on the Proposed Strategic Plan

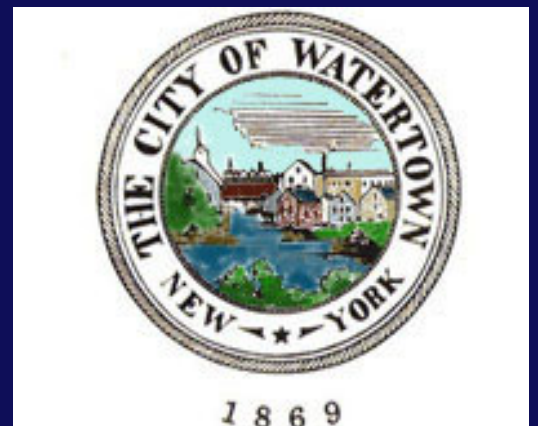
At the September 14 work session, staff presented a draft Strategic Plan intended to replace the City's 2019 Strategic Goals and Objectives. The plan is intended to guide the City's internal operations, processes, and decision-making. Staff asked Council for feedback, and Council expressed its desire to hold a public hearing so residents can comment on the proposed plan before it is finalized.

The proposed Strategic Plan is attached for public review. To begin the public hearing process, staff recommends that City Council schedule a public hearing for Monday, October 19, 2026, at 7:15 p.m. to hear public comments on the proposed Strategic Plan.

STRATEGIC PLAN 2026



City of Watertown



Introduction

The 2026 Strategic Plan represents an update to the 2019 Strategic Goals and Objectives. Like the previous document, it is intended to cover a five-to-seven-year planning horizon and should be updated/replaced in the early 2030s.

Unlike the 2019 version, which was 40+ pages and contained eight primary goals, each with multiple sub-goals and an aggregate of over 200 objectives, this document is purposefully much tighter to increase its utility to Staff. Based on interviews with every City department, this Strategic Plan recognizes four central goals/strategies and identifies the most critical objectives towards achieving those goals.

In contrast to the Comprehensive Plan, which is a long-range, high-level vision for all aspects of Watertown as a community (land use, transportation, economic development, etc.), this Strategic Plan will guide the specific internal operations of City government and is intended for near-term action. It sets priorities for allocating resources and refining procedures.

The four central goals/strategies are:

- 1. The City's budget should finance the level of customer service that our citizens expect.**
- 2. Internal and external communication must be clear, effective and consistent.**
- 3. Maximize partnerships that will allow the City and other local and regional entities to deliver services together that are not achievable independently.**
- 4. The City must address its most critical infrastructure needs and focus on essential services.**

Each of these four goals/strategies contains multiple objectives that implement that goal and operate consistently with the underlying strategy. When building budgets, creating work plans and deploying each department's workforce, we strive for these objectives.

Vision

When the City of Watertown wrote its Comprehensive Plan, it engaged the public over an 18-month planning process with over 200 citizens providing input. A Steering Committee made up of a wide variety of stakeholders also helped guide the process every step of the way, which included writing a community vision statement. The adopted Comprehensive Plan identifies the City's vision as follows:

Anchored by its historic downtown and strong community, Watertown is the heart of Jefferson County, serving as a hub of commerce, healthcare, and education; a base for stable and competitive employment opportunities; and an incubator of innovation and entrepreneurship. Watertown is an international destination offering the best of active urban living in the North Country with a rich tapestry of arts, culture, and recreational opportunities for all seasons. The City's greatest strength lies in its residents, lifelong and new, who cultivate a vibrant community life, and take pride in their safe, walkable, family-friendly neighborhoods.

Watertown is the North Country's City - Inspired and Powered by People

Accomplishments since 2019: Comprehensive Plan

Since the City adopted its Comprehensive Plan and its previous Strategic Goals and Objectives, both in 2019, the City has made progress and implemented many of the recommendations in both documents. These plans are not meant to become static, but rather to become reality. Below is a non-exhaustive list of accomplishments that were originally identified seven years ago and have since been implemented.

Comprehensive Plan:

- DT.1 – Collaborate with the Downtown Revitalization Initiative (DRI) award recipients to implement all DRI projects, while actively implementing municipal DRI projects.
- PR.2 – Create a Master Plan for Thompson Park
- PR.3 – Expand recreational and community activities in public parks to attract a diversity of uses and visitors year-round.
- PR.5 – Ensure funding to continued maintenance of parks and operations.
- PR.8 – Support the YMCA in their effort to identify a location for a future community/aquatics center.
- ED.5 – Incubate new businesses by partnering with Jefferson Community College, the Downtown Revitalization Initiative and others.
- ED.6 – Continue to support the Local Development Corporation's Façade & Rental Assistance Programs.
- SR.7 – Continue and expand current urban forestry efforts.
- SR.9 – Incorporate green infrastructure practices into zoning code.
- GI.1 – Continue to prepare a Capital Improvement Plan to guide infrastructure investment.
- GI.4 – Update zoning, incorporating form-based codes.

Accomplishments since 2019: Strategic Goals and Objectives

Strategic Goals and Objectives:

- 1.3.2 – Help establish a JCC Downtown Facility location with college services.
- 1.4.2 – Continue to work with and promote the Chamber of Commerce on the Watertown Farmer's Market.
- 2.1.3 – Establish a “drop box” to eliminate the customer's need to enter the building and to assist with after-hour service.
- 2.3.1 – Develop a new, user-friendly website to:
 - Publish clear and precise information
 - Develop more online services that are easy to access from any device
 - Provide more e-forms that can be submitted online
 - Increase the ability to pay for more services online
- 2.4.5 – Circulate weekly Status and Information Update to inform all employees of the current projects and actions of the City, as well as acknowledge employees that demonstrated acts of superior customer service.
- 5.2.7 – Eliminate gaps in the City's sidewalk network and replace sidewalk in underserved multifamily residential areas. Replace noncompliant handicap ramps.
- 6.7.5 – Continue efforts for maintaining publicly owned areas in the downtown through investigating volunteer and partnerships with business organizations.
- 7.2.1 – Work with the Watertown-Jefferson County Area Transportation Council (WJCTC) to advocate mobility management as a core regional function to improve residents' accessibility to services, employment, education and recreational resources.
- 7.2.2 – Work with the Watertown-Jefferson County Area Transportation Council (WJCTC) to develop a regional governance for transit operations within the Greater Watertown metro area.
- 7.6.3 – Develop a Request for Proposal to hire a consultant to develop a Sewall's Island and Factory Square Revitalization and Redevelopment Plan.
- 8.1: Provide a Watertown Police Department Officer as a liaison to Neighborhood Watch groups to promote information sharing.
- 8.3.1 – Purchase two (2) patrol car mounted License Plate Readers (LPR) to assist in locating stolen vehicles, wanted persons, amber alert related vehicles and suspended operators.

Goal/Strategy One: The City's budget should finance the level of customer service that our citizens expect.

Narrative: A predictable baseline revenue is necessary to maintain critical services and provide attractive quality-of-life opportunities worthy of a regional population center.

Objectives for Goal One

- The City will adopt a fee schedule annually to cover the costs of individual services provided to user(s), to ensure that the fees charged are accurate (e.g. Trash, Water, Permit and Review applications).
- Ensure the public is aware of, and adopted budgets account for, services which benefit the entire community (e.g. plowing streets in winter, citing violations) and those for which the City chooses not to charge a fee (e.g. green waste pickup).
- Departments will have organizational flexibility to provide critical services. Stabilize current staffing levels to ensure a consistent ability to provide the expected service level.
- Conduct one department head-level training on the budget per year to increase awareness of all budget processes, from forecasting and building a budget to tracking department spending within each fiscal year. These trainings will increase efficiency, promote accountability and prevent overspending.
- Fund the required professional training, certifications and subscriptions necessary for employees to execute their jobs.
- Fund and conduct a City-wide property reassessment to determine whether assessed property values are fair, accurate, and reflect current real estate market conditions. Identify and correct any inaccuracies.
- Prioritize and preserve funding for infrastructure that supports the community's quality of life, such as core library and parks facilities maintenance.
- Identify the Parks and Recreation services, amenities and events that are irreplaceable and essential to the community, and safeguard funding for these offerings in perpetuity.
- Develop a framework for receiving inquiries and complaints that establishes an appropriate and realistic timeline for Staff to process the request and respond.

Key Takeaway: Resources are now at the minimum level necessary to sustain operations without eliminating services. The City needs to balance fiscal sustainability with ability to operate and not risk crossing a tipping point where one or the other becomes unachievable.

Goal/Strategy Two: Internal and external communication must be clear, effective and consistent.

Narrative: Internal communication must continuously improve to reduce functional isolation between departments and operate as cohesive team. The City should speak with one voice when communicating with the public. Senior Staff should equip frontline employees with the knowledge and skills they need to provide outstanding customer service.

Objectives for Goal Two

- Conduct an annual customer service training for frontline staff working in roles where they interact with the public every day and have a policy in place for customer service as a core value and cultural priority (e.g. proper customer handoff to another department).
- Include language in City job descriptions emphasizing an organizational culture of customer service. Onboarding for all positions, not just frontline roles, will orient new employees to this culture.
- Maintain a central customer service location at City Hall where customers can accomplish as much as possible in one place.
- Increase public awareness and use of available online tools for accessing information.
- Increase Staff's use of available technological tools in executing their roles and furthering professional development.
- Conduct Stakeholder outreach meetings ahead of all major infrastructure projects.
- Ensure consistent cross talk between departments to eliminate operational gaps and achieve better organizational alignment.
- Establish a single social media account for the entire City (rather than department accounts) and one distributor of press releases.
- Continue sending welcome packets to new City residents with information on garbage pickup, sidewalk responsibilities, winter parking rules, etc.

Key Takeaway: Communication is foundational to successful City operations. Reducing departmental fragmentation is a prerequisite to efficiency.

Goal/Strategy Three: Maximize partnerships that will allow the City and other local and regional entities to deliver services together that are not achievable independently.

Narrative: Partnerships are more than just occasional meetings. Meaningful and mutually beneficial partnerships produce action. For local governments and other organizations with a mission to improve the community, this means pooling resources and manpower to solve problems and deliver tangible results to the greater community.

Objectives for Goal Three

- Jefferson County is the City's most important external partner, with both elected officials and Staff in leadership positions actively assisting their counterparts at Jefferson County and vice versa.
- Collaborate with other regional governments and organizations to implement the recommendations of the Jefferson County Housing Needs Assessment .
- Establish and maintain productive relationships with all utility providers in the region, resulting in clear two-way communication and advance notice of all public and private projects affecting the right-of-way.
- Partner with local school districts and regional universities to offer City internships to students and continuing education opportunities for City employees.
- Expand relationships with regional not-for-profit groups to become familiar with their missions and the challenges they encounter. Create shared interest short-term and long-term goals together and identify potential sources for funding.
- Host an Annual Infrastructure Summit. Initially meet as a group to create/update contacts and present a framework for maintaining open communications with the various stakeholders (DANC, NYSDOT, Jefferson County, Spectrum, Verizon, National Grid, Slick Fiber/Westelcom)
- Sustain and expand the Watertown Fire Department's collaborative initiatives with partners, including but not limited to, the shared Fire Academy model with Jefferson Community College and the Fort Drum Fire Department as well as the mutual aid and operational partnership with the Fort Drum.
- Always keep communication channels accessible with Fort Drum, which is the economic engine of the region, and the City's contiguous towns, which share services and infrastructure with the City.

Key Takeaway: Cooperation and a shared vision between the City of Watertown and Jefferson County is crucial to both entities.

Goal/Strategy Four: The City must prioritize infrastructure projects to provide the highest return on investment possible.

Narrative: With limited financial resources to undertake street reconstructions and other major infrastructure projects, the number of street reconstructions and comparable projects the City is able to undertake is finite. This makes it essential to get the biggest “bang for our buck” when selecting and implementing these projects. It is also crucial to avoid costly rebuilds and duplicative work on the same corridors twice in a limited timeframe.

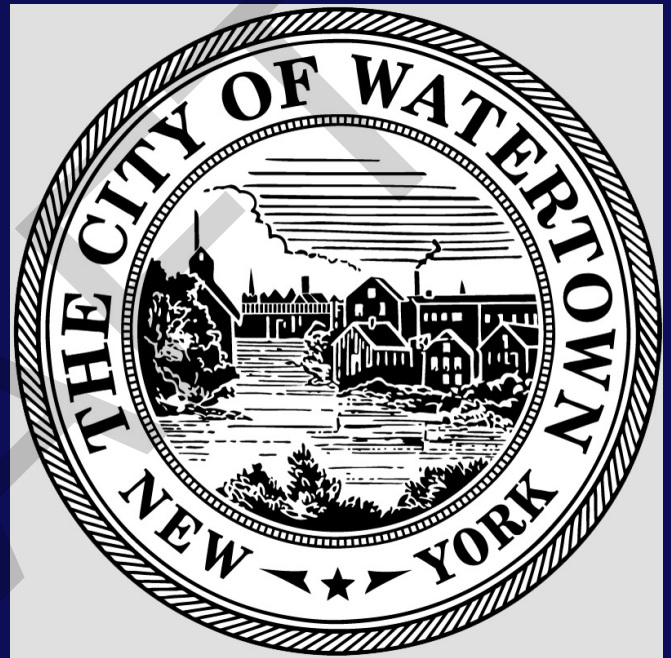
Objectives for Goal Four

- Maintain a holistic street conditions matrix based on empirical data, and use that matrix to inform which street reconstructions are programmed for upcoming budget years, with an emphasis on infrastructure affecting health outcomes (water and sewer).
- Reconstruct one street per year based on the matrix, addressing the most critical needs as part of a single project each year, with Main Street East, Leray Street and Sherman Street as priority reconstructions, as well as an emphasis on improvements in the Western Outfall Trunk Sewer (WOTS) footprint.
- Reconstruct the Newell/Engine/Howk Street corridor, as identified by the Street Prioritization Matrix, to allow the burgeoning commercial, residential and recreational uses to grow in harmony with the adjacent Department of Public Works campus while guaranteeing DPW’s ability to operate effectively.
- Understand and fulfill the City’s regional responsibilities as the service hub of the North Country and home to regional critical infrastructure, such as Samaritan Medical Center, Jefferson Community College, the Industrial Park and Public Safety Complex.
- Strategically install underground fiber conduit as part of projects requiring excavation.
- Conduct proactive demolitions of blighted and condemned structures as grant funding allows.
- Evaluate opportunities to power more City buildings self-sufficiently so that the City can sell more hydropower to the open market (e.g. solar panels on the roofs of City buildings where possible).
- Adhere to prescribed lifecycle management of City vehicles, including Fire, Police and DPW, to reduce the risk of failure during critical operations and avoid deferring inflationary costs into the future.
- Aggressively identify and pursue grant opportunities to fund City projects, lessening the direct burden on local taxpayers.

Key Takeaway: Maintaining current data on all City infrastructure is a crucial tool for spending strategically on City projects that will maximize benefits to citizens, businesses and essential service providers.

All four goals have clear relationships to customer service and a tieback to efficiency. The people of Watertown are our customers, and we owe them the best customer service possible. The fourth goal focuses on spending taxpayer money (the money our customers pay us to provide them with a livable community) as effectively and efficiently as possible.

This plan is the formal policy blueprint for delivering this outcome to our customers.



Conclusion

Staff Report

October 5, 2026

To: The Honorable Mayor and City Council

From: Erica Anderson, Assistant to the City Manager

Subject: Proposed City of Watertown Social Media Policy

On January 21, 2020, City Council adopted Resolution No. 8, authorizing the establishment of an official Citywide Facebook page and authorizing the City Manager to develop rules and regulations governing its content, administration, and public comments.

The proposed policy will allow the City to move forward with establishing an official City of Watertown Facebook page to provide residents with timely and reliable information about City services, programs, emergencies, and events. It also establishes clear authority and consistent standards for the creation, administration, and use of official City social media accounts.

Staff is presenting the proposed policy to Council for review and feedback. If no feedback is received, staff intends to present a resolution adopting the policy at the October 19, 2026 Council meeting.

City of Watertown Social Media Policy

Purpose & Scope

On January 21, 2020, the City Council adopted Resolution No. 8, establishing one official Citywide Facebook page and authorizing the City Manager to develop rules and regulations governing its content, administration, and public comments. This policy builds upon that authorization and establishes updated standards for the City's official social media accounts.

The City of Watertown uses its official social media to provide residents with information about City services, programs, emergencies, and events. This policy applies to all City-created or City-managed social media accounts and anyone authorized to post on the City's behalf. This policy does not apply to third-party organizations, volunteer organizations, contractors, or independent entities.

Social media includes Facebook, X (Twitter), Instagram, YouTube, TikTok, Threads, and other similar platforms. All official social media accounts are for City business only.

To ensure that the City's social media accounts are used for these intended purposes, it is necessary to establish rules of procedure for usage of such sites by City personnel and the public. Utilization of City-approved social media sites must adhere to this policy. The guidelines may be supplemented by administrative rules and regulations issued by the City. Other City policies, including the Use of Communication Systems and Equipment, remain applicable.

The City website shall remain the City's primary and predominant internet presence. Wherever practicable, content posted to official social media shall link back to the City website for more in-depth information, forms, documents, or online services.

This policy governs official City-created or City-managed social media accounts and persons authorized to post on behalf of the City through such official accounts. This policy does not regulate, restrict, or control the personal, campaign, political, constituent-service, or elected-official speech of the Mayor or any Councilor when such individual is speaking in an individual capacity and not posting on behalf of the City through an official City-created or City-managed account. The use of an elected official's title, photograph, or identification as a City official on a personal social media account does not convert the account into an official City account. Elected officials are encouraged to clearly distinguish personal, political, campaign, and constituent-service communications from official City communications issued through City-managed accounts. Statements made through such personal accounts represent the views of the account holder and not the City.

Accounts independently established or maintained by the Mayor or individual Council Members are not City-authorized social media accounts unless expressly approved under this policy. An official's title, photograph, or identification as a City official does not, by itself,

establish City authorization. This designation does not determine whether particular content is subject to FOIL, records retention requirements, or other applicable law.

Section 1 – Use of City Social Media by City Employees

Ownership & Administration

- All official accounts, content, and messages are property of the City.
- Posts to official City social media accounts must receive prior approval from the City Manager, or their designee, unless specific personnel have been granted authority to post without individual approval.
- Employees have no expectation of privacy regarding information posted on City social media.
- Creation of any official social media account requires prior approval by the City Manager, or their designee. Use strong, unique passwords and multi-factor authentication where possible.
- The IT Manager shall maintain a current inventory of all official accounts, including usernames and passwords, and must be notified of any new accounts or administrative changes. The City must be able to immediately edit or remove content from all official accounts.
- The City Manager, or their designee, shall approve the establishment and continued operation of official City social media accounts and may direct their consolidation or discontinuance, subject to applicable records retention requirements. Administrative procedures shall identify authorized accounts and the personnel responsible for their operation.
- Before an official account is discontinued, the City shall preserve its records in accordance with applicable retention requirements.

Posting Guidelines

Employees managing official accounts must:

- Keep posts factual, timely, and relevant to City business.
- Post only official City information, including but not limited to:
 - Legal notices
 - Public meeting notices and virtual links
 - Announcements of City events or closures
 - Emergency alerts

- Environmental or community engagement updates
- Not post confidential, personal, or legally restricted information.
- Obtain appropriate permissions, including copyright licenses and individual consent, for all media (images, videos, quotes). Prior to posting photos or video of members of the public, obtain appropriate consent/waivers when required by law or policy.
- Protect the identity of citizens; content shall not contain malicious, intimidating, harassing, discriminatory, sexual, profane, or defamatory remarks.
- Use plain, professional language; correct errors transparently.
- Nothing in this Policy will be construed or applied to limit employees' rights under the New York State Public Employees' Fair Employment Act (Taylor Law) or other applicable law, including the right to engage in protected concerted activity. The City prohibits retaliation against any employee who in good faith reports or participates in an investigation of a suspected policy violation.

Security

- Limit access to login information to authorized staff; remove access immediately when roles change.
- City email addresses shall be used to register and administer official pages. Personal profiles should not administer City pages unless expressly approved by the City Manager, or their designee. Employees shall not use City resources to cause the City to incur fees or charges without prior written authorization.
- Avoid logging in through unsecured devices or third-party apps.
- Minimize external links to non-City websites to reduce risk.
- Report suspected security breaches immediately.
- All content created, received, or maintained on official social media that relates to City business, including comments, direct messages, and removed content, may constitute a public record subject to the New York Freedom of Information Law (FOIL). Departments are responsible for preserving records in accordance with applicable retention schedules.
- Use of third-party social media platforms is subject to those platforms' terms of service, which may include indemnification and venue provisions. Departments shall consult the City Manager, or their designee, before agreeing to any terms that bind the City, and should use any government terms offered by the platform where available.

Use of Personal Social Media Accounts

- Employees may not speak on behalf of the City on personal social media.

- Employees must make clear they are speaking for themselves if their personal social media activity could reasonably be mistaken for an official City statement.
- Do not use City logos or imply endorsement by the City when using personal social media accounts.

Elections & Advocacy

- City accounts must remain strictly nonpartisan.
- No campaign content, electioneering, or fundraising for candidates or ballot questions.
- Routine, factual election information (e.g., deadlines, polling info) may be shared.

Section 2 – Public Use and Comment Policy

Purpose

City social media pages are intended for official information sharing and limited discussion relevant to City business. They are not forums for general debate or correspondence with the City. Comments on social media are not official communications and do not constitute formal correspondence.

The existence and/or provision of any links posted by the City neither constitutes nor implies endorsement of the destination websites or of the content, viewpoint, accuracy, opinions, policies, product, accessibility, or privacy policy of said destination website. Nor does any link between the City website and a third-party website imply sponsorship of such website, or the creator of such website.

These rules shall be displayed on or linked from each official City social media page.

Comment & Participation Rules

On official City social media pages where commenting is enabled, comments or posts may be removed — and repeat violators may be blocked — if they include:

- Profanity, slurs, or personal attacks
- Threats, harassment, or illegal activity
- Spam, scams, or commercial ads
- Off-topic or irrelevant content
- Explicit, obscene, or sexual material
- Personal or sensitive information (addresses, medical data)
- Misinformation or disinformation

- Political or personal agenda content
- Disrespectful or discriminatory remarks

The City reserves the right to restrict or disable public commenting entirely and to block individual users if deemed necessary to preserve the purpose and integrity of its communications. All removal or blocking actions will be documented and retained according to the City's records policy. A comment posted by a member of the public is the opinion of the commenter only and does not imply endorsement by the City.

Response Guidelines

- The City may respond to informational questions (e.g., about services, hours, or events).
- The City will not respond to opinions, debates, or non-informational questions.
- For formal feedback, residents should use public meetings, hearings, or official contact channels.

Public Records

All content (including comments and removed material) may be considered public records and subject to the New York Freedom of Information Law (FOIL).

Contact & Appeals

If a user believes a comment was removed or a user was blocked in error, they may email the City Manager's Office at citymanagersoffice@watertown-ny.gov with the date, link, and description. The City will review within a reasonable timeframe.

Use Proper Channels

Social media should not be used to report emergencies or service requests. Nor will comments by the public on City social media sites be considered, for regulatory purposes, as official correspondence with the City.

- **Emergencies:** Call 911.
- **Routine issues:** Contact the City via phone, email, or the official website.

Policy Updates

The City Council may amend, suspend, or discontinue this policy or its social media accounts at any time to comply with law and best practices.

October 5, 2026

To: The Honorable Mayor and City Council

From: James E. Mills, City Comptroller

Subject: NYS Retirement System 2028 Employer Contribution Rates

The New York State Retirement System has issued the final 2028 contribution rates for the Employees Retirement System (ERS) and the Police and Fire Retirement System (PFRS). For the tiers/plan options applicable to City employees the 2028 ERS and PFRS rates have increased over the 2027 rates. The rates are in line with where the City expected them to be in relation to the multi-year financial forecast included in the FY 2026-27 budget.

Employees Retirement System (ERS)	% of City's Payroll in Tier	2027 Rates	2028 Rates	% Increase to the Rate
Tiers 3 and 4	29%	21.30%	20.80%	(2.35%)
Tier 5	7%	18.30%	17.70%	(3.28%)
Tier 6	63%	13.70%	14.00%	2.19%

Police and Fire Retirement System (PFRS)	% of City's Payroll in Tier	2027 Rates	2028 Rates	% Increase to the Rate
Tier 2	51%	40.70%	41.60%	2.21%
Tier 5 (Non-contributory)	6%	38.90%	39.80%	2.31%
Tier 5 (Contributory)	3%	35.30%	36.10%	2.27%
Tier 6 (Contributory)	41%	31.90%	33.10%	3.76%

The following tables represent the history of the retirement system rates since the inception of tier 6. Also attached from the NYS Office of the State Comptroller is their press release, a historical rate graph and the 2027/28 rate tables.

Employees Retirement System	Tiers 3 and 4	Tier 5	Tier 6	Amount Paid to Retirement System
2028 Rates	20.8%	17.7%	14.0%	
2027 Rates	21.3%	18.3%	13.7%	\$2,067,935
2026 Rates	19.5%	16.4%	12.7%	\$1,763,794
2025 Rates	17.7%	15.3%	11.3%	\$1,531,098
2024 Rates	14.9%	12.9%	9.5%	\$1,228,610
2023 Rates	13.0%	11.1%	8.2%	\$973,660
2022 Rates	18.2%	15.2%	10.6%	\$1,290,972
2021 Rates	16.1%	13.4%	9.6%	\$1,234,669
2020 Rates	15.8%	13.2%	9.3%	\$1,265,209
2019 Rates	15.8%	13.0%	9.3%	\$1,255,657
2018 Rates	16.0%	13.1%	9.3%	\$1,268,232
2017 Rates	16.0%	13.1%	9.3%	\$1,305,395
2016 Rates	18.8%	15.5%	10.6%	\$1,343,922
2015 Rates	20.3%	16.6%	11.0%	\$1,657,173
2014 Rates	21.0%	16.9%	11.5%	\$1,748,158
2013 Rates	18.6%	15.1%	N/A	\$1,535,739

Police and Fire Retirement System	Tier 2	Tier 5 (Non-contributory)	Tier 5 (Contributory)	Tier 6 (Contributory)	Amount Paid to Retirement System
2028 Rates	41.6%	39.8%	36.1%	33.1%	
2027 Rates	40.7%	38.9%	35.3%	31.9%	\$5,138,648
2026 Rates	36.7%	35.0%	31.6%	28.5%	\$4,713,463
2025 Rates	34.8%	33.2%	30.0%	24.7%	\$4,168,452
2024 Rates	30.4%	29.0%	26.2%	21.1%	\$3,538,425
2023 Rates	29.0%	27.6%	25.0%	20.2%	\$3,029,538
2022 Rates	30.4%	28.9%	25.5%	19.8%	\$3,361,570
2021 Rates	25.6%	24.5%	21.0%	15.7%	\$2,720,057
2020 Rates	24.3%	23.2%	19.8%	14.6%	\$2,370,618
2019 Rates	24.0%	22.9%	19.4%	14.4%	\$2,305,182
2018 Rates	24.6%	23.4%	19.9%	14.8%	\$2,354,924
2017 Rates	24.1%	22.9%	19.5%	14.5%	\$2,276,464
2016 Rates	24.7%	23.6%	20.1%	14.3%	\$2,136,795
2015 Rates	27.3%	26.1%	22.0%	15.4%	\$2,494,595
2014 Rates	28.4%	27.1%	24.1%	16.0%	\$2,516,571
2013 Rates	25.1%	24.1%	20.1%	N/A	\$2,423,515



[Home](#) / [Newsroom](#) / NYSLRS Announces Employer Contribution Rates for SFY 2027-28

NEWS from the Office of the New York State Comptroller

Contact: Press Office 518-474-4015



NYSLRS Announces Employer Contribution Rates for SFY 2027-28

September 8, 2026

State Comptroller Thomas P. DiNapoli today announced employer contribution rates for the New York State and Local Retirement System (NYSLRS) for State Fiscal Year (SFY) 2027-28. Employers' average contribution rates will decrease from 17.6% to 17.3% of payroll for the Employees' Retirement System (ERS) and increase from 36.5% to 37.4% of payroll for the Police and Fire Retirement System (PFRS).

NYSLRS is made up of these two systems, which pay service and disability retirement benefits to state and local public employees and death benefits to their survivors. There are more than 3,000 participating employers in ERS and PFRS, and more than 300 different retirement plan combinations. In the SFY that ended March 31, 2026, NYSLRS paid more than \$17.5 billion in benefits. ERS has about 1.2 million members with 493,000 retirees and beneficiaries receiving benefits and PFRS has 79,000 members with 42,000 retirees and beneficiaries currently receiving benefits.

"Our state pension fund and retirement system continue to be among the strongest in the nation, even as we navigate the challenges of damaging federal policy changes, market volatility and global conflict," DiNapoli said. "These rates, coupled with our disciplined, long-term investment strategy and prudent management, will help ensure public workers and their families receive the retirement benefits they have earned."

Employer rates for NYSLRS are determined based on investment performance and actuarial assumptions recommended by NYSLRS' actuary, who is required to review the actuarial assumptions and experience and to issue an annual report. The recommendations are reviewed by the independent Actuarial Advisory Committee and approved by the Comptroller. In addition to investment performance, other factors that impact rates include higher salaries, plan options selected by employers, recent legislative reforms to Tiers 5 and 6 and member retirement rates.

In 2012, DiNapoli began providing employers with access to a two-year projection of their annual pension bills. Employers can use this projection in the preparation of their budgets. Projections of required contributions vary by employer depending on factors such as the types of retirement benefit plans adopted, salaries paid, and the distribution of employees among the six membership tiers.

Payments based on the new rates are due by Feb. 1, 2028, but employers receive a discount if payment is made by Dec. 15, 2027.

The New York State Common Retirement Fund's long-term assumed rate of return will remain at 5.9%. DiNapoli has been a leader in the trend of public pension funds lowering their assumed rates of return to better enable New York to weather volatile markets. The median investment return assumption for public pension funds was 7% in July 2026, according to the National Association of State Retirement Administrators.

DiNapoli also announced that NYSLRS had a funded ratio of 96.8% as of March 31, 2026. NYSLRS is consistently one of the nation's best funded retirement systems. A high funding ratio means NYSLRS has funds available to pay retirement benefits to about 1.3 million members, consisting of over 750,000 current and former state and local government employees and more than 535,000 retirees and their beneficiaries.

The fund's estimated value was \$309.7 billion as of June 30, 2026.

Report

Annual Report to the Comptroller on Actuarial Assumptions

Related Work

State Pension Fund Valued at \$309.7 Billion at End of First Quarter

Fiduciary and Conflict of Interest Review

Employer Contribution Rates

Employees' Retirement System Tier 1

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Contributory Plan	71-a	14.4	13.9
Non-Contributory Plan	75-c, 75-e	25.1	24.5
Career Plan	75-g	26.7	26.0
New Career Plan	75-i	27.8	27.1
25-Year Plan — Sheriff & Deputy	89-a	30.5	29.8
20-Year Plan — Sheriff & Deputy	89-b	35.1	34.3
20-Year Plan, Additional 1/60ths — Sheriff & Deputy	89-b(m)	35.4	34.6
20-Year Plan — Investigators	89-d	34.5	33.8
20-Year Plan, Additional 1/60ths — Investigators	89-d(m)	34.7	34.0
25-Year Plan — Law Enforcement Titles in Certain Towns/Counties	89-e, 89-g, 89-h, 89-i, 89-j, 89-k, 89-l, 89-m, 89-n, 89-o, 89-p, 89-q, 89-r, 89-s, 89-t, 89-ts, 89-vr, 89-x	30.2	29.5
	89-f	30.2	29.5
25-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	89-sa, 89-sp, 89-ss, 89-v, 89-w	33.2	32.5
25-Year Plan	551	29.3	28.6
25-Year Plan, Additional 1/60ths	551e	31.0	30.3
25-Year Plan, Additional 1/60ths, All Service	551ee	32.2	31.5
20-Year Plan	552	35.9	35.1
20-Year Plan, Additional 1/60ths	553	35.9	35.1
20-Year Plan, Additional 1/60ths, All Service	553b	37.3	36.5
Options (rates are in addition to plan rates)			
5% Increased Take Home Pay	71-a(5)	3.5	3.5
8% Increased Take Home Pay	71-a(8)	5.6	5.6
School Service	CCSV, SCHSV	N/A	N/A
Sick Leave	41-j	0.2	0.2

Employer Contribution Rates

Employees' Retirement System Tier 2

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Contributory Plan	71-a	13.8	13.3
Non-Contributory Plan	75-c, 75-e	23.4	22.7
Career Plan	75-g	25.0	24.3
New Career Plan	75-i	26.0	25.3
25-Year Plan — Sheriff & Deputy	89-a	28.9	28.3
20-Year Plan — Sheriff & Deputy	89-b	27.8	27.1
20-Year Plan, Additional 1/60ths — Sheriff & Deputy	89-b(m)	29.6	28.9
20-Year Plan — Investigators	89-d	34.4	33.6
20-Year Plan, Additional 1/60ths — Investigators	89-d(m)	34.5	33.8
25-Year Plan — Law Enforcement Titles in Certain Towns/Counties	89-e, 89-g, 89-h, 89-i, 89-j, 89-k, 89-l, 89-m, 89-n, 89-o, 89-p, 89-q, 89-r, 89-s, 89-t, 89-ts, 89-vr, 89-x	29.8	29.2
	89-f	29.8	29.2
25-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	89-sa, 89-sp, 89-ss, 89-v, 89-w	33.2	32.5
25-Year Plan	551	29.0	28.3
25-Year Plan, Additional 1/60ths	551e	30.8	30.1
25-Year Plan, Additional 1/60ths, All Service	551ee	32.0	31.3
20-Year Plan	552	35.8	35.0
20-Year Plan, Additional 1/60ths	553	35.8	35.0
20-Year Plan, Additional 1/60ths, All Service	553b	37.1	36.4
Options (rates are in addition to plan rates)			
5% Increased Take Home Pay	71-a(5)	3.5	3.5
8% Increased Take Home Pay	71-a(8)	4.9	4.9
School Service	CCSV, SCHSV	0.1	0.1
Sick Leave	41-j	0.2	0.2

Employer Contribution Rates

Employees' Retirement System Tiers 3 & 4

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Coordinated Plan (Article 14 & Article 15)	A14, A15	21.1	20.6
25-Year Plan	551	26.9	26.4
25-Year Plan, Additional 1/60ths	551e	28.7	28.2
25-Year Plan, Additional 1/60ths, All Service	551ee	29.8	29.3
20-Year Plan	552	33.3	32.8
20-Year Plan, Additional 1/60ths	553	33.8	33.2
20-Year Plan, Additional 1/60ths, All Service	553b	35.1	34.5
25-Year Plan — Law Enforcement Titles in Certain Towns/Counties	89-e, 89-f, 89-g, 89-h, 89-i, 89-j, 89-k, 89-l, 89-m, 89-n, 89-o, 89-p, 89-q, 89-r, 89-s, 89-t, 89-ts, 89-vr, 89-sp, 89-x, 603r3, 604s4	23.5	23.0
	89-f	23.7	23.3
	89-w	27.5	27.0
25-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	89-sa	28.4	27.9
	89-v, 89-ss	24.9	24.4
20-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	603or, 604pr, 603qs, 604rs	31.2	30.6
20-Year Plan — Law Enforcement Titles in Certain Towns/Counties	WCI03, WCI04	33.3	32.7
Options (rates are in addition to plan rates)			
School Service	CCSV, SCHSV	0.1	0.1
Sick Leave	41-j	0.2	0.2
75% Performance of Duty Disability w/o Heart	607-c	3.2	3.2
75% Performance of Duty Disability w/ Heart	607-c, 607-d	3.6	3.4
75% Performance of Duty Disability, Act of a Civilian	607-c(f), 607-c(g)	0.2	0.2
Return of Pension Reserve	606-b	0.1	0.1
¾ Accidental Disability	605-g	0.2	0.2

Employer Contribution Rates

Employees' Retirement System Tier 5

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Coordinated Plan (Article 14 & Article 15)	A14, A15	18.1	17.6
25-Year Plan	551	24.2	23.6
25-Year Plan, Additional 1/60ths	551e	26.5	25.9
25-Year Plan, Additional 1/60ths, All Service	551ee	27.5	26.9
20-Year Plan	552	31.1	30.4
20-Year Plan, Additional 1/60ths	553	31.7	31.0
20-Year Plan, Additional 1/60ths, All Service	553b	33.0	32.2
25-Year Plan — Law Enforcement Titles in Certain Towns/Counties	89-e, 89-f, 89-g, 89-h, 89-i, 89-j, 89-k, 89-l, 89-m, 89-n, 89-o, 89-p, 89-q, 89-r, 89-s, 89-t, 89-ts, 89-vr, 89-sp, 89-x, 603r3, 604s4	20.7	20.2
	89-f	21.3	20.8
	89-w	24.8	24.3
25-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	89-sa	26.2	25.6
	89-v, 89-ss	22.6	22.1
20-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	603or, 604pr, 603qs, 604rs	29.1	28.5
20-Year Plan — Law Enforcement Titles in Certain Towns/Counties	WCI03, WCI04	31.1	30.4
Options (rates are in addition to plan rates)			
School Service	CCSV, SCHSV	0.1	0.1
Sick Leave	41-j	0.2	0.2
75% Performance of Duty Disability w/o Heart	607-c	3.2	3.2
75% Performance of Duty Disability w/ Heart	607-c, 607-d	3.6	3.4
75% Performance of Duty Disability, Act of a Civilian	607-c(f), 607-c(g)	0.2	0.2
Return of Pension Reserve	606-b	0.1	0.1
¾ Accidental Disability	605-g	0.2	0.2

Employer Contribution Rates

Employees' Retirement System Tier 6

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Coordinated Plan (Article 14 & Article 15)	A14, A15	13.6	13.9
25-Year Plan	551	20.1	20.0
25-Year Plan, Additional 1/60ths	551e	22.4	22.3
25-Year Plan, Additional 1/60ths, All Service	551ee	23.3	23.1
20-Year Plan	552	27.1	26.9
20-Year Plan, Additional 1/60ths	553	28.0	27.8
20-Year Plan, Additional 1/60ths, All Service	553b	29.1	28.9
25-Year Plan — Law Enforcement Titles in Certain Towns/Counties	89-e, 89-f, 89-g, 89-h, 89-i, 89-j, 89-k, 89-l, 89-m, 89-n, 89-o, 89-p, 89-q, 89-r, 89-s, 89-t, 89-ts, 89-vr, 89-sp, 89-x, 603r3, 604s4	16.5	16.4
	89-f	17.2	17.2
	89-w	20.8	20.6
25-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	89-sa	22.4	22.3
	89-v, 89-ss	18.8	18.7
20-Year Plan, Additional 1/60ths — Law Enforcement Titles in Certain Towns/Counties	603or, 604pr, 603qs, 604rs	26.0	25.8
20-Year Plan — Law Enforcement Titles in Certain Towns/Counties	WCI03, WCI04	27.7	27.5
Options (rates are in addition to plan rates)			
School Service	CCSV, SCHSV	0.1	0.1
Sick Leave	41-j	0.2	0.2
	100-day limit	0.1	0.1
75% Performance of Duty Disability w/o Heart	607-c	3.2	3.2
75% Performance of Duty Disability w/ Heart	607-c, 607-d	3.6	3.4
75% Performance of Duty Disability, Act of a Civilian	607-c(f), 607-c(g)	0.2	0.2
Return of Pension Reserve	606-b	0.1	0.1
¾ Accidental Disability	605-g	0.2	0.2

Employer Contribution Rates

Police and Fire Retirement System Tier 1

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Contributory Plan	371-a	20.9	21.3
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	30.5	31.1
Career Plan	375-g	33.0	33.7
New Career Plan	375-i, 375-j	34.0	34.7
25-Year Non-Contributory Plan	384	35.4	36.1
25-Year Non-Contributory Plan, Additional 1/60ths	384-f	36.3	37.1
20-Year Non-Contributory Plan	384-d	41.4	42.3
20-Year Non-Contributory Plan, Additional 1/60ths	384-e	42.0	43.2
Options (rates are in addition to plan rates)			
5% Increased Take Home Pay	371-a(5)	3.5	3.5
8% Increased Take Home Pay	371-a(8)	4.1	4.1
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary	302-9(d)	4.5	4.5
Age 55 Plan	443-f1	N/A	N/A
25-Year Plan	443-f2	N/A	N/A
25-Year Plan, Additional 1/60ths	443-f3	N/A	N/A
20-Year Plan	443-f4	N/A	N/A
20-Year Plan, Additional 1/60ths	443-f5	N/A	N/A
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	N/A	N/A
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.3	0.8

Employer Contribution Rates

Police and Fire Retirement System Tier 2

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Contributory Plan	371-a	19.3	19.6
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	26.8	27.3
Career Plan	375-g	29.0	29.5
New Career Plan	375-i, 375-j	29.7	30.2
25-Year Non-Contributory Plan	384	34.4	35.1
25-Year Non-Contributory Plan, Additional 1/60ths	384-f	36.1	36.8
20-Year Non-Contributory Plan	384-d	40.7	41.6
20-Year Non-Contributory Plan, Additional 1/60ths	384-e	41.3	42.3
Options (rates are in addition to plan rates)			
5% Increased Take Home Pay	371-a(5)	2.8	2.8
8% Increased Take Home Pay	371-a(8)	2.8	2.8
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary	302-9(d)	N/A	N/A
Age 55 Plan	443-f1	5.1	5.2
25-Year Plan	443-f2	5.9	6.1
25-Year Plan, Additional 1/60ths	443-f3	6.3	6.5
20-Year Plan	443-f4	7.1	7.3
20-Year Plan, Additional 1/60ths	443-f5	7.2	7.4
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	7.3	7.6
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.8	0.8
Allows Tier 2 members in the listed plans to retire under an age-based plan at age 55 without age reduction	375-i, 375-j	0.5	0.6
	384-d	0.5	0.5
	384-e	0.1	0.1

Employer Contribution Rates

Police and Fire Retirement System Tier 3

Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Plan	371-a	19.3	19.6
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	26.8	27.3
Career Plan	375-g	29.0	29.5
New Career Plan	375-i, 375-j	29.7	30.2
25-Year Plan	384	34.4	35.1
25-Year Plan, Additional 1/60ths	384-f	36.1	36.8
20-Year Plan	384-d	40.3	41.4
20-Year Plan, Additional 1/60ths	384-e	40.3	41.4
25-Year Plan, One-Year Final Average Salary option	384,1	40.3	41.4
25-Year Plan, Additional 1/60ths, One-Year Final Average Salary option	384-f1	40.3	41.4
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	384-ex	40.3	41.4
Police and Fire Plan (Article 14)	A14PF	40.3	41.4
Options (rates are in addition to plan rates)			
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary — Age 55 Plan	443-f1	5.1	5.2
Allows Tier 3 members in the listed plans to retire under an age-based plan at age 55 without age reduction	PA14P	0.1	0.1

Employer Contribution Rates

Police and Fire Retirement System Tier 5 Non-Contributory Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Plan	371-a	N/A	N/A
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	N/A	N/A
Career Plan	375-g	N/A	N/A
New Career Plan	375-i, 375-j	N/A	N/A
25-Year Plan	384	33.0	33.7
25-Year Plan, Additional 1/60ths	384-f	34.6	35.3
20-Year Plan	384-d	38.9	39.8
20-Year Plan, Additional 1/60ths	384-e	39.6	40.5
Options (rates are in addition to plan rates)			
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary			
Age 55 Plan	443-f1	N/A	N/A
25-Year Plan	443-f2	4.4	4.6
25-Year Plan, Additional 1/60ths	443-f3	4.7	4.8
20-Year Plan	443-f4	5.3	5.4
20-Year Plan, Additional 1/60ths	443-f5	5.4	5.5
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	5.5	5.6
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.7	0.8
Allows Tier 5 members in the listed plans to retire under an age-based plan at age 55 without age reduction	375-i, 375-j	N/A	N/A
	384-d	0.5	0.5
	384-e	0.1	0.1

Employer Contribution Rates

Police and Fire Retirement System Tier 5 Contributory Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Plan	371-a	14.6	14.7
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	21.7	22.0
Career Plan	375-g	23.7	24.2
New Career Plan	375-i, 375-j	24.4	24.8
25-Year Plan	384	29.1	29.7
25-Year Plan, Additional 1/60ths	384-f	30.4	31.0
20-Year Plan	384-d	35.3	36.1
20-Year Plan, Additional 1/60ths	384-e	35.7	36.5
Options (rates are in addition to plan rates)			
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary			
Age 55 Plan	443-f1	3.8	3.9
25-Year Plan	443-f2	4.4	4.6
25-Year Plan, Additional 1/60ths	443-f3	4.7	4.8
20-Year Plan	443-f4	5.3	5.4
20-Year Plan, Additional 1/60ths	443-f5	5.4	5.5
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	5.5	5.6
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.7	0.7
Allows Tier 5 members in the listed plans to retire under an age-based plan at age 55 without age reduction	375-i, 375-j	0.5	0.5
	384-d	0.5	0.5
	384-e	0.1	0.1

Employer Contribution Rates

Police and Fire Retirement System Tier 6 Non-Contributory Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Plan	371-a	N/A	N/A
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	N/A	N/A
Career Plan	375-g	N/A	N/A
New Career Plan	375-i, 375-j	N/A	N/A
25-Year Plan	384	32.9	33.6
25-Year Plan, Additional 1/60ths	384-f	34.5	35.3
20-Year Plan	384-d	38.9	39.8
20-Year Plan, Additional 1/60ths	384-e	39.5	40.4
Options (rates are in addition to plan rates)			
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary			
Age 55 Plan	443-f1	N/A	N/A
25-Year Plan	443-f2	4.4	4.6
25-Year Plan, Additional 1/60ths	443-f3	4.7	4.8
20-Year Plan	443-f4	5.2	5.4
20-Year Plan, Additional 1/60ths	443-f5	5.3	5.5
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	5.5	5.6
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.8	0.8
Allows Tier 6 members in the listed plans to retire under an age-based plan at age 55 without age reduction	375-i, 375-j	N/A	N/A
	384-d	0.5	0.4
	384-e	0.1	0.1

Employer Contribution Rates

Police and Fire Retirement System Tier 6 Contributory Rates for 2027 and 2028 Annual Invoices

(all rates are expressed as a %)

Retirement Plan	Plan ID	2/1/2027 Rates	2/1/2028 Rates
Basic Plan	371-a	10.5	11.1
Non-Contributory Plan with Guaranteed Benefits	375-c, 375-e	17.0	17.7
Career Plan	375-g	18.9	19.7
New Career Plan	375-i, 375-j	19.5	20.3
25-Year Plan	384	25.4	26.4
25-Year Plan, Additional 1/60ths	384-f	26.4	27.5
20-Year Plan	384-d	31.9	33.1
20-Year Plan, Additional 1/60ths	384-e	32.3	33.6
Options (rates are in addition to plan rates)			
Sick Leave	341-j	0.3	0.3
One-Year Final Average Salary			
Age 55 Plan	443-f1	3.7	3.8
25-Year Plan	443-f2	4.4	4.6
25-Year Plan, Additional 1/60ths	443-f3	4.7	4.8
20-Year Plan	443-f4	5.2	5.4
20-Year Plan, Additional 1/60ths	443-f5	5.3	5.5
20-Year Plan, Additional 1/60ths, Credit for Non-Member Service	443-f6	5.5	5.6
Additional 1/60ths, Credit for Non-Member Service	384-ex	0.7	0.6
Allows Tier 6 members in the listed plans to retire under an age-based plan at age 55 without age reduction	375-i, 375-j	0.4	0.4
	384-d	0.4	0.4
	384-e	0.1	0.1