

Introduced 3/2/15  
Public Hearing 3/16/15  
Council Action 5/4/15  
Executive Action 5/7/15  
Effective Date 5/7/15  
Tabled 4/6/15

## County Council Of Howard County, Maryland

2015 Legislative Session

Legislative Day No. 3

Bill No. 13-2015

Introduced by: The Chairman at the request of the County Executive

AN ACT pursuant to Section 612 of the Howard County Charter, approving a multi-year Master Services Agreement between Howard County, Maryland and Automatic Data Processing, Inc. to process the County's payroll for a term of five years with one-year renewals; and approving the agreement for certain renewal years in accordance with Section 4.110(d) of the Howard County Code.

Introduced and read first time March 2, 2015. Ordered posted and hearing scheduled.

By order

Jessica Feldmark  
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on March 16, 2015.

By order

Jessica Feldmark  
Jessica Feldmark, Administrator

Tabled April 6, 2015

This Bill was read the third time on May 4, 2015 and Passed ☒, Passed with amendments \_\_\_\_\_, Failed \_\_\_\_\_.

By order

Jessica Feldmark  
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 6<sup>th</sup> day of May, 2015 at 3:30 a.m.

By order

Jessica Feldmark  
Jessica Feldmark, Administrator

Approved/Vetoed by the County Executive 5/7/2015, 2015

Allan H. Kittleman

Allan H. Kittleman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1           **WHEREAS**, Automatic Data Processing, Inc. (“ADP”) is a company that performs  
2 various payroll services; and  
3

4           **WHEREAS**, the County and ADP wish to enter into an Amended and Restated National  
5 Account Services Master Services Agreement (the “Agreement”), a copy of which is attached as  
6 Exhibit “A”, for a term of five years, with automatic renewals for one year unless the agreement  
7 is terminated by either party; and  
8

9           **WHEREAS**, the Agreement requires the payment by the County of funds from an  
10 appropriation in a later fiscal year and therefore requires County Council approval as a multi-year  
11 agreement pursuant to Section 612 of the Howard County Charter; and  
12

13           **WHEREAS**, the Agreement is a sole-source procurement pursuant to the Howard  
14 County Code; and  
15

16           **WHEREAS**, Section 4.110 of the Howard County Code requires that any sole source  
17 procurement which contains an option or options to renew which would have the effect of  
18 extending the term of the contract beyond three years shall be sent to the County Council for  
19 approval by a resolution prior to the beginning of the fourth year of the contract and each  
20 subsequent renewal option, if any, thereafter; and  
21

22           **WHEREAS**, the Agreement has a term that will extend beyond three years pursuant to  
23 Section 4.110 of the Howard County Code.  
24

25           **NOW, THEREFORE,**  
26

27   *Section 1. Be It Enacted by the County Council of Howard County, Maryland that in*  
28 *accordance with Section 612 of the Howard County Charter, it approves the terms of the*  
29 *Amended and Restated National Account Services Master Services Agreement between Howard*  
30 *County and ADP, Inc., which shall be in substantially the same form as Exhibit A attached to this*

1 Act.

2  
3 **Section 2. And Be It Further Enacted** by the County Council of Howard County, Maryland that  
4 the County Executive is hereby authorized to execute and deliver the Amended and Restated  
5 National Account Services Master Services Agreement for such term and with such rights of  
6 renewal in the name of and on behalf of the County.

7  
8 **Section 3. And Be It Further Enacted** by the County Council of Howard County, Maryland that  
9 the Council hereby approves renewal of the Agreement for the fourth and fifth years of the term  
10 of the Agreement, and such approval shall constitute the approval required by Section 4.110 (d)  
11 of the Howard County Code for renewal of this Agreement.

12  
13 **Section 4. And Be It Further Enacted** by the County Council of Howard County, Maryland that  
14 this Act shall be effective immediately upon its enactment.



**AMENDED AND RESTATED  
NATIONAL ACCOUNT SERVICES  
MASTER SERVICES AGREEMENT**

This Amended and Restated Master Service Agreement (the "Agreement") is made as of \_\_\_\_ 2015 (the "Effective Date") between ADP, Inc. and Howard County, Maryland ("Client").

WHEREAS, ADP previously provided payroll, tax and other services to Client pursuant to that certain Master Services Agreement dated May 22, 2006, as amended between the parties (the "2006 MSA");

WHEREAS, Client and ADP wish to amend and restate the 2006 MSA so that ADP continues to provide Client the services set forth in this Agreement and ADP desires to provide such services to Client, all as provided in this Agreement.

Therefore, upon the terms and subject to the conditions set forth in this Agreement and intending to be legally bound, the parties hereto agree as follows:

ADP will provide to Client and Client will receive from ADP, all upon the terms and conditions set forth in this Agreement, the Services (as such term is defined in Annex A) specified in this Agreement. This Agreement includes the Annexes marked with an "X" below and each Amendment (as such term is defined in Annex A) attached hereto. Each Annex marked with an "X" below and each Amendment attached hereto is incorporated into this Agreement by this reference as if set forth in this Agreement in full.

X	Annex A:	General Terms and Conditions
X	Annex B:	Payroll Services
X	Annex C:	ADP Employment Tax Filing Services
X	Annex F:	ADP Enterprise Services

X	Pricing Appendix:	Service and Fee Schedule
---	-------------------	--------------------------

IN WITNESS WHEREOF, ADP and Client have executed this Agreement to be effective as of the Effective Date set forth above.

ADP, LLC	CLIENT HOWARD COUNTY, MARYLAND – SEE ATTACHED SIGNATURE PAGE
<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Signature of Authorized Representative)	<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Signature of Authorized Representative)
<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Name - Please Print)	<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Name - Please Print)
<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Title)	<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Title)
<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Date)	<div style="border-bottom: 1px solid black; margin-bottom: 10px;"></div> (Date)

**ANNEX A  
GENERAL TERMS AND CONDITIONS****SECTION 1 DEFINITIONS.**

Capitalized words in this Agreement that are not otherwise defined have the meanings shown below, for both singular and plural forms. Unless otherwise specified, any reference in this Annex to a section or other subdivision is a reference to a section or subdivision of this Annex.

**1.1 "ADP Products"** means the Application Programs, tutorials and related documentation delivered to Client by ADP.

**1.2 "Amendment"** means a written supplement to this Agreement, signed by Client and ADP, describing additional Services to be provided by ADP to Client.

**1.3 "Agreement"** means THIS Master Services Agreement, each Annex marked on the cover page and each Amendment that supplements this Master Services Agreement, as amended from time to time.

**1.4 "Application Programs"** means the computer software programs and modules delivered to Client by ADP as part of the Services but excludes pre-packaged third party software and custom programs developed by ADP for Client.

**1.5 "Business Day"** means any day except a Saturday, a Sunday, or a Federal holiday.

**1.6 "Client Content"** means (i) all payroll, benefits, human resource and similar information or materials provided by Client or its agents or employees, including transactional information, (ii) Client's trademarks, trade names, service marks, logos and designs, (iii) all Client information stored on ADP cloud storage service, and (iv) any other information or materials provided by Client or its agents or employees, regardless of form (e.g., images, photographs, illustrations, graphics, audio clips, video clips and text, etc.), to be included in the Services, ADP Products or hardware, whether included therein by ADP on behalf of Client as part of its setup services or directly by Client or any of its employees or agents.

**1.7 "Client Group"** means Client, Client's majority owned subsidiaries, and affiliates of Client. Affiliates are listed in Section 1 of the Pricing Appendix.

**1.8 "Client Infringement Exclusion"** means (i) any change, or enhancement in the ADP Products made by Client or any third party for Client other than at the direction of ADP, (ii) Client's use of the ADP Products except as permitted under this Agreement or in combination with any hardware, software or other materials not expressly authorized by ADP where absent such combination the ADP Products would be non-infringing, (iii) Client's use of other than the most current release of the ADP Products that results in a claim or action for infringement that could have been avoided by use of the current release, provided that ADP has supplied Client with the most current release at no additional fee, or (iv) the provision by Client to ADP of materials, designs, know-how, software or other intellectual property with instructions to ADP to use the same in connection with the Services.

**1.9 "Confidential Information"** means all information that is confidential or proprietary provided by the disclosing party to the receiving party for use in connection with the Services or in connection with any additional services proposed to be provided by ADP, but does not include (i) information the receiving party already knows (ii) information that becomes generally available to the public except as a result of disclosure by the receiving party in violation of this Agreement, (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis and (iv) information Client is required to make available to the public pursuant to the Maryland Public Information Act set forth State Government Article, Annotated Code of MD, Sec. 10-611 et.seq., subject to any exemption which may be requested by ADP. Confidential Information also includes the terms of this Agreement, non-public personal or financial information relating to a party's employees, customers or clients, all trade secrets, processes, proprietary data, information or documentation (including ADP documentation with modifications made by or on behalf of Client, which shall remain ADP Confidential Information) or any pricing or product information the disclosing party provides to the receiving party.

**1.10 "Effective Date"** means the date written in the space marked "Effective Date" on the cover page of this Agreement.

**1.11 "Services"** means the services described in each Annex, the services in each Amendment, and any other services that ADP provides to Client at Client's request.

**1.12 "Termination Event"** means with respect to any party, (i) that party becomes the subject of a proceeding under the Bankruptcy Code, (a) seeking the appointment of a trustee, receiver or custodian or (b) seeking the liquidation, winding-up, dissolution, reorganization or the like of such party, and the proceeding is not dismissed within 30 days of its commencement, or (ii) that party's Dun & Bradstreet Financial Stress Score is 4 or 5. If part (i) of this Section occurs with respect to Client, Client agrees to promptly use commercially reasonable efforts to seek court authorization to pay all post-petition fees as an administrative expense.

**SECTION 2 THE SERVICES.**

**2.1 Use of Services.** Client agrees to use the Services only for the internal business purposes of Client and the Client Group and that it will be responsible for ensuring that each of the entities included in the Client Group comply with each of the provisions contained in this Agreement applicable to Client. If interfaces to software being used by Client are to be delivered or maintained by ADP as part of the Services, then Client agrees to obtain and maintain appropriate licenses to such software and other works.

**2.2 Accuracy of Client Information, Review of Output.** Client is responsible for the accuracy and timely input of all information provided to ADP by Client or on Client's behalf. Client will promptly review documents and reports provided by ADP and notify ADP of any error or omission discovered by Client or any discrepancy between the information provided by ADP and Client's records, and ADP will correct such error, omission or discrepancy.

**2.3 Compliance with Laws.** ADP shall design the Services to assist Client in complying with federal and state legal and regulatory requirements applicable to the Services, and ADP will be solely responsible for any failure of such design. Client will be solely responsible (i) for compliance by Client with all laws and governmental regulations affecting Client's business and (ii) for using the Services in a manner to assist it in complying with same. The Services are not a substitute for the advice of an attorney and do not include any legal, regulatory, accounting or tax advice and each Client Group member will rely solely upon its own advisors with respect to any such advice. Client agrees and acknowledges that ADP is not a law firm, does not provide legal advice or representation, and that no attorney-client relationship exists or will be formed between ADP and Client.

**2.4 Data Security.** ADP will take commercially reasonable precautions to prevent the loss of or alteration to Client's data files in ADP's possession. In addition, ADP will establish and follow security measures designed to prevent unauthorized access to Client's data files. ADP maintains appropriate security measures to protect Client's personal information consistent with applicable federal and state laws.

**2.5 Disaster Recovery.** ADP maintains a commercially reasonable disaster recovery plan ("DR Plan"), a copy of the summary of which is available to Client upon request. ADP agrees to follow its DR Plan. ADP may amend its DR Plan at any time, provided that ADP shall not

reduce its disaster recovery ability to less than the disaster recovery ability in effect pursuant to the DR Plan in existence on the Effective Date of this Agreement.

**2.6 Source Documents.** Except as otherwise set forth in this Agreement, Client will, to the extent it deems necessary, keep copies of all source documents of the information delivered to ADP or inputted by Client or on behalf of Client into the ADP system. ADP is not, and will not be, Client's official record keeper.

**2.7 Client Instructions.** Client will be responsible for the consequences of any instructions Client may give to ADP, provided that ADP has followed such instructions.

**2.8 Additional Services.** If Client requests additional services offered by ADP on a commercial basis not included in this Agreement, (i) those services will be included in an Amendment, (ii) any Services provided to Client but not included in an Amendment will be provided subject to the terms of this Agreement at ADP's then prevailing fees.

**2.9 Errors and Omissions.** Upon the request of Client, ADP will correct any error or omission made by ADP in connection with the Services at no additional charge to Client.

## SECTION 3 FEES AND PAYMENT TERMS.

**3.1 Fees for Services.** Client agrees to pay ADP for the Services provided to any member of the Client Group at the fees shown in the Pricing Appendix.

Client represents and ADP Acknowledges that Client is a government entity exempt from all state, local and federal taxes. To the extent the Client is not exempt, Client will pay directly, or will pay to ADP, an amount equal to all applicable taxes or similar fees levied or based on this Agreement or the Services, exclusive of taxes based on ADP's net income.

**3.2 Changes in Scope.** The fees in the Pricing Appendix may be revised by mutual agreement (not to be unreasonably withheld) if Client's actual requirements, specifications, volumes or quantities vary materially from those communicated to ADP as of the Effective Date of this Agreement (e.g., a material change in the number of pays or the pay frequency).

**3.3 Payment Terms.** Client will pay all invoices in full within 30 days of invoice date. All amounts not paid when due are subject to a late payment charge of 1½% per month (not to exceed the maximum allowed by law) of the past due amount from the due date until the date paid. All fees are shown in U.S. Dollars and all payments will be made in U.S. Dollars. In the event that Client's Dun & Bradstreet Financial Stress Score is 4 or 5, then upon ADP's request Client will pay all invoices via direct debit of funds ("DDF"). To the extent permitted by law, Client will reimburse ADP for all expenses ADP may incur in collecting any amounts past due under this Agreement.

## SECTION 4 WARRANTIES; DISCLAIMER.

ADP warrants: (i) that it will perform the Services in a good, diligent and professional manner, utilizing personnel with a level of skill commensurate with the Services to be performed; and (ii) that it will comply with all applicable laws and regulations affecting the operation of ADP's business, including any applicable export restrictions and data protection laws. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ADP EXPRESSLY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS WITH RESPECT TO THE SERVICES, THE ADP PRODUCTS, CUSTOM PROGRAMS OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP.

## SECTION 5 INTELLECTUAL PROPERTY.

**5.1 Ownership of Proprietary Rights.** Client owns and shall own all rights to Client's data provided to or accessed by ADP, including such Client data as processed or manipulated by ADP in connection with the Services. The ADP Products will at all times remain the exclusive, sole and absolute property of ADP or the third parties from whom ADP has obtained the right to use the ADP Products. Except for the license granted to Client in this Agreement, Client will have no interest in the ADP Products. All rights, title and interest in or to any copyright, trademark, service mark, trade secret, and other proprietary right relating to the ADP Products and the related logos, product names, etc. are reserved and all rights not expressly granted are reserved by ADP and such third parties. Client may not obscure, alter or remove any copyright, trademark, service mark or proprietary rights notices on any ADP Products, and Client will not, and will require that its vendors and subcontractors will not, copy, recompile, disassemble, reverse engineer, or make or distribute any other form of or any derivative work from, the ADP Products.

**5.2 ADP Infringement Indemnity.** Subject to Section 5.4, ADP will defend Client in any suit or cause of action, and indemnify and hold Client harmless against, and pay on behalf of Client, any damages awarded to third parties in any such suit or cause of action (including reasonable attorneys' fees awarded to such third parties and settlement amounts) alleging that the ADP Products as provided by ADP and used in accordance with the terms of this Agreement infringe upon any United States patent, copyright, trade secret, or other proprietary right of a third party, *provided that*, the foregoing infringement indemnity will not apply and ADP will not be liable for any damages assessed in any suit or cause of action to the extent resulting from a Client Infringement Exclusion. If any ADP Product is held or believed to infringe on any third party's intellectual property rights, ADP may, in its sole discretion, (a) modify the ADP Product to be non-infringing, (b) obtain for Client a license to continue using such ADP Product, or (c) if neither (a) nor (b) are practical, terminate this Agreement as to the infringing ADP Product and return to Client any unearned fees paid by Client to ADP in advance. This Section 5.2 states ADP's entire liability and Client's exclusive remedies for infringement of intellectual property rights of any kind.

**5.3 Client Infringement Indemnity.** To the extent provided by the Local Government Tort Claims Act, found at Sections 5-301 through 5-304 of the Courts and Judicial Proceedings Article of the Maryland Annotated Code, as supplemented from time to time, and the limitations of liability set forth therein, and subject to appropriations by the Howard County Council and subject to Section 5.4, Client will defend ADP in any suit or cause of action, and indemnify and hold ADP harmless against, and pay on behalf of ADP, any damages awarded to third parties in any such suit or cause of action (including reasonable attorneys' fees awarded to such third parties by a court of competent jurisdiction and settlement amounts) alleging infringement upon any United States patent, copyright, trade secret, or other proprietary right of a third party, to the extent that any such suit or cause of action results from an allegation of a Client Infringement Exclusion. This Section 5.3 states Client's entire liability and ADP's exclusive remedies for infringement arising from a Client Infringement Exclusion.

**5.4 Indemnity Conditions.** The indemnities set forth in this Agreement are conditioned upon the following: (i) the indemnitee (the "Indemnitee") promptly notifies the indemnitor (the "Indemnitor") in writing of such suit or cause of action, (ii) the Indemnitor controls any negotiations or defense and the Indemnitee assists the Indemnitor as reasonably required by the Indemnitor; and (iii) the Indemnitee takes all reasonable steps to mitigate any potential damages that may result.



**SECTION 6 GENERAL PROVISIONS.**

**6.1 Service Organization Control I Reports.** At Client's request, following completion of implementation of the Services, ADP will at no charge provide Client with copies of any routine Service Organization Control ("SOC") I reports ("SOC I Reports") which are both directly related to those Services provided hereunder for Client and already released to ADP by the public accounting firm performing the Statement on Standards for Attestation Engagements #16 review.

**6.2 Employee and Plan Participant Access.** ADP may suspend or discontinue access to the Services by any of Client's employees or plan participants ("Users") if ADP reasonably believes that such User is using the Services in an inappropriate or illegal manner and will promptly advise Client of same. Client shall take all commercially reasonable actions necessary to maintain the privacy of User names and passwords for the Services.

**6.3 Nondisclosure.** All Confidential Information disclosed under this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose the Confidential Information of the disclosing party and will use at least the same degree of care, discretion and diligence in protecting the Confidential Information of the disclosing party as it uses with respect to its own confidential information. The receiving party will limit access to Confidential Information to its employees with a need to know the Confidential Information and will instruct those employees to keep the information confidential. It is understood, however, that ADP may disclose Client's Confidential Information on a need to know basis to its subcontractors who are performing Services, provided those subcontractors have executed confidentiality agreements and further provided that ADP shall remain liable for any unauthorized disclosure of Client's Confidential Information by those subcontractors. Notwithstanding Section 5.1 of Annex A, ADP may use Client's and its employees' and participants' information for purposes other than the performance of the Services but only in an aggregated, anonymized form, such that neither Client nor its employees or participants may be identified, and Client will have no ownership interest in such aggregated, anonymized data. Notwithstanding the foregoing, the receiving party may disclose Confidential Information (i) to the extent necessary to comply with any law, rule, regulation or ruling applicable to it, (ii) as appropriate to respond to any summons or subpoena or in connection with any litigation and (iii) to the extent necessary to enforce its rights under this Agreement. Upon the request of the disclosing party, the receiving party will return or destroy all Confidential Information of the disclosing party that is in its possession, provided that ADP may maintain archival copies subject to the terms of this Section 6.3.

**6.4 No Solicitation of Employees.** Neither party will recruit or solicit (other than as part of a general solicitation in newspapers, websites or similar media) the other's personnel or employees that have become known to a party as a result of the Services performed until the earlier of one year after (i) the termination of this Agreement or (ii) that person is no longer employed by the other party. The provisions of this Section 6.4 will survive the termination of this Agreement.

**6.5 U.S. Government Restricted Rights.** ADP asserts that the Services, the ADP Products and the related materials are provided with RESTRICTED RIGHTS. Use, duplication or disclosure by the Government is subject to restrictions in FAR §52.227-14, FAR §52.227-19, or DFARS §252.227-7013(c)(1)(ii), as applicable. Contractor is ADP, LLC, 5800 Windward Parkway, Alpharetta, GA 30005.

**6.6 Independent Contractors.** The performance by ADP of its duties and obligations under this Agreement will be that of an independent contractor and nothing contained in this Agreement will create or imply an agency, joint venture or partnership between ADP and Client. Neither the employees of ADP nor ADP's subcontractors will be considered employees or agents of Client. Unless expressly stated in this Agreement, none of ADP, its employees or its subcontractors may enter into contracts on behalf of, bind, or otherwise obligate Client in any manner whatsoever.

**6.7 Services and the Internet.** Data transmitted by ADP in connection with the Services through the Internet is encrypted for Client's protection. However, the security of transmissions over the Internet can never be guaranteed. ADP is not responsible for Client's access to the Internet, for any interception or interruption of any communications through the Internet, or for changes to or losses of data through the Internet. ADP may suspend Client's use of the Services via the Internet immediately, without notice, pending an investigation, if any breach of security is suspected. If Client elects ADP's "Federated Single Sign-On" service, additional mutually agreed upon terms and conditions will apply.

**6.8 Use Outside the U.S.** Client will use the Services and the ADP Products only in the U.S. For any agreed upon use of the Services or the ADP Products outside the U.S., Client agrees to comply with any applicable export restrictions, laws and regulations imposed from time to time by the governments of the U.S. or the other country, if any, in which the ADP Products will be used by Client.

**6.9 Client Vendors.** Client will at its own cost make all necessary arrangements with its third party vendors to cause such vendors to send data to and receive data from ADP as required for ADP to provide the Services. Client shall reimburse ADP for any costs ADP is required to bear in connection with or arising out of any such transmissions of data from and/or to such third party vendors.

**SECTION 7 LIMITATION OF LIABILITY.**

**7.1 Restoration of Funds.** If the negligent acts or omissions of ADP's officers, employees or agents result in a loss or misdirection of Client funds in the possession or control of ADP under the terms of this Agreement, ADP will restore the funds to Client.

**7.2 Mitigation of Damages.** ADP and Client will each use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or related to the Services.

**7.3 Limit on Monetary Damages.** Notwithstanding anything to the contrary contained in this Agreement, ADP's aggregate liability hereunder in any calendar year will not exceed: (i) for damages other than as a result of ADP's breach of Section 6.3 (Nondisclosure), an amount equal to 12 times the average monthly fee for ongoing Services paid by Client to ADP for the affected Service during such calendar year (the "Ordinary Limit") and (ii) for damages arising from ADP's breach of Section 6.3 (Nondisclosure), a separate amount equal to 12 times the average monthly fee for ongoing Services paid by Client to ADP for the affected Service during such calendar year (the "Confidentiality Breach Limit"). For the avoidance of doubt, the foregoing creates two separate and distinct sums describing ADP's aggregate liability, the Ordinary Limit and the Confidentiality Breach Limit. The aggregate limit set forth herein shall not apply to Sections 5.2 or 7.1 of Annex A, and (if applicable) Section 4 of Annex C, Section 3 of Annex E, Section 4.10 of Annex II, or to ADP's criminal or fraudulent misconduct.

**7.4 No Consequential Damages.** NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER ADP NOR CLIENT WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING LOST PROFITS) THAT THE OTHER PARTY MAY INCUR OR EXPERIENCE IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing exclusion shall not apply to claims for consequential damages arising from ADP's breach of Section 6.3 of Annex A; provided however, that any consequential damages recovered by Client in a calendar year for such claims will be subject to the Confidentiality Breach Limit set forth in Section 7.3 of Annex A.

**SECTION 8 TERM AND TERMINATION.**

**8.1 Initial Term.** This Agreement is effective on the Effective Date. The initial term ("Initial Term") of this Agreement starts on the Effective Date and ends on the termination date set forth in the Pricing Appendix (the "Termination Date"). The Termination Date may be modified by Amendment.

**8.2 Renewals.** After the Initial Term, this Agreement will renew for additional one-year periods unless terminated by either party upon at least 60 days prior written notice to the other during such renewal terms.

**8.3 Termination by Client.** In addition to any termination rights in other Annexes, if (i) ADP fails to perform any material obligation under this Agreement and that failure continues for 60 days after ADP receives written notice from Client specifying in reasonable detail the nature of that failure, or (ii) a Termination Event occurs with respect to ADP, Client may terminate this Agreement by further written notice to ADP.

**8.4 Termination by ADP.** In addition to any termination rights in other Annexes, if (i) Client fails to pay any amount due under this Agreement within 15 days after ADP has notified Client that it has failed to pay such amount by the due date therefor, (ii) Client fails to perform any other material obligation and that failure continues for 60 days after Client receives written notice from ADP specifying in reasonable detail the nature of that failure, or (iii) a Termination Event occurs with respect to Client, ADP may terminate this Agreement by further written notice to Client. At ADP's option, ADP may, in the event of delinquent payment pursuant to clause (i), suspend the affected Services upon 5 Business Day's prior written notice to Client, and ADP shall have no liability to Client for such suspended Services.

**8.5 Buy Out Fee.** If Client terminates any or all of the Services prior to the Termination Date for any reason except those in Section 8.3, or if ADP terminates this Agreement pursuant to Section 8.4, Client will pay to ADP a buy-out fee ("Buy Out Fee") equal to fifty percent (50%) of A multiplied by B, where A equals the number of months remaining prior to the Termination Date at the effective date of termination, and B equals the average monthly fee for the terminated Services during the twelve-month period immediately preceding the termination (or a shorter period of time if monthly fees have been payable for less than 12 months at the termination date). In the case of a partial termination, ADP may equitably adjust the fees for the remaining Services, and Client will be responsible for fees for any reconfiguration work. Payroll Services may not be terminated without also terminating ADP Vantage HCM Services, PayForce Services or ADP Enterprise Services, if either is included. If monthly fees for Services have not yet been payable at the time of termination, B will equal the estimated monthly fees that would have been payable under this Agreement. Client's obligation to pay the Buy Out Fee will not affect its obligation to pay any Deferred Fee payable under this Agreement. Client will also pay the Buy Out Fee in the event of any reduction in Client's volume or usage of the Services by more than fifty percent (50%).

**8.6 Effect of Termination.** Upon expiration or termination of this Agreement, or any Annex or Amendment or any Services for any reason, (i) all licenses and other rights granted to Client under the respective Annex or Amendment or in connection with the terminated Services, will become null and void, (ii) subject to the penultimate sentence of Section 6.3 of Annex A, all materials provided by either party to the other under the respective Annex or Amendment or in connection with the terminated Services, will be returned within 5 Business Days after the effective date of termination, and (iii) all earned and unpaid fees and expenses will become immediately due and payable. Each party's termination rights in this Agreement are cumulative and are in addition to all other rights and remedies available to the parties.

**8.7 Termination Assistance.** Upon termination of this Agreement, upon Client's request, ADP will return copies of Client's data, to the extent in ADP's possession, at ADP's standard rates and will cooperate with Client to provide for an orderly transfer of the Services to Client or Client's successor vendor ("Termination Assistance"). Such Termination Assistance will be provided at ADP's standard rates then in effect, and in no event will ADP be required to provide any ADP Confidential Information in connection with providing any Termination Assistance.

**SECTION 9 MISCELLANEOUS PROVISIONS.**

**9.1 Amendment.** This Agreement may not be modified except by a writing signed by the authorized representatives of ADP and Client.

**9.2 Notices.** All communications required to be sent or given under this Agreement will be in writing and will be duly given and effective immediately if delivered in person or upon confirmation of signature recording delivery, if sent via a nationally recognized overnight courier service with signature notification requested, to Client at the address shown on the cover page of this Agreement or to ADP at the address shown in the Pricing Appendix or to any other address a party may identify in writing from time to time. A copy of all communications to ADP of a legal nature must be sent to ADP, LLC, 5800 Windward Parkway, MS A-425, Alpharetta, Georgia 30005, Attention: Legal Department.

**9.3 Injunctive Relief.** In the event of an actual or impending breach of Section 6.3 or 6.4, the non-breaching party, in addition to any remedy available at law, will be entitled to seek equitable relief, including injunction and specific performance.

**9.4 Entire Agreement/Subcontractors.** This Agreement, including the Annexes and Amendments, is the entire agreement and understanding between ADP and Client with respect to the subject matter and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between them, and no party will be bound by any representation, warranty, covenant, term or condition other than as expressly stated in this Agreement. If any provision of an Annex or Amendment conflicts with a provision of another Annex or Amendment, the provision of each Annex or Amendment will govern, but solely with respect to the Services covered by such Annex or Amendment. Purchase Orders submitted by Client are for Client's internal administrative purposes only and the terms and conditions contained in those purchase orders will have no force and effect. The parties agree that this Agreement may be executed in multiple original copies, identically worded, and that each such executed copy shall constitute an original. Facsimile signatures, electronic signatures through the electronic signature system utilized by ADP, or signatures transferred in .pdf or similar format for scanned copies of documents, shall be treated as original signatures for all purposes. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns. Certain of the Services to be provided by ADP may be provided by subsidiaries of Automatic Data Processing, Inc. or by ADP's subcontractors, and ADP shall be responsible for the performance of those subsidiaries and subcontractors. Mailing and delivery service providers are not ADP's subcontractors, and ADP will not be responsible for the acts or omissions of such mailing and delivery service providers.

**9.5 No Third Party Beneficiaries.** Nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. CLIENT AGREES THAT OTHER THAN ADP'S OBLIGATIONS TO CLIENT IN THIS AGREEMENT, ADP HAS NO OBLIGATION TO ANY THIRD PARTY (INCLUDING, WITHOUT LIMITATION, CLIENT'S EMPLOYEES AND/OR ANY TAXING AUTHORITIES) BY VIRTUE OF THIS AGREEMENT.

**9.6 Force Majeure.** Any party to this Agreement will be excused from performance under this Agreement for any period of time that the party is prevented from performing its obligations under this Agreement due to an act of God, war, earthquake, civil disobedience, court order, or other cause beyond the party's reasonable control. Such non-performance will not constitute grounds for default.

**9.7 Waiver/Headings/Severability/Survival/Governing Law.** The failure by any party to this Agreement to insist upon strict performance of any provision of this Agreement will not constitute a waiver of that provision. The section headings in this Agreement are intended for convenience of reference and will not affect its interpretation. If any provision of this Agreement is held invalid, illegal, or unenforceable, the validity, legality or enforceability of the remainder of this Agreement will not in any way be affected or impaired. The



provisions of Section 6.3, 7.3 and 7.4 will survive the termination of this Agreement. This Agreement will be governed by and construed in accordance with the internal laws of the State of Maryland.

**9.8 ADP's Client List.** ADP may include Client's name and corporate logo on ADP's client list.

**ANNEX B  
PAYROLL SERVICES****SECTION 1 PAYROLL SERVICES.**

**1.1 Payroll Services.** ADP will provide the payroll services specified in the Pricing Appendix (collectively, the "Payroll Services") to Client in accordance with the terms of this Agreement.

**1.2 Grant of License.** Client's use of any pre-packaged third-party software will be governed by the terms and conditions of the applicable third-party license agreements delivered to Client hereunder with such pre-packaged third-party software. Client's use of, and all the rights and obligations of the parties with respect to, the Application Programs delivered to Client in connection with the Payroll Services will be governed by the license agreement (whether written, shrink-wrapped or on-line) delivered to Client with such Application Programs; provided, however, that in the event that no license agreement is delivered to Client with such Application Programs, ADP hereby grants to Client a personal, non-exclusive, non-transferable right and license to use solely for the internal business usage of the Client Group the Application Programs delivered to Client in connection with the Payroll Services. Client will not have any interest in such Application Programs, except for the license granted to it under this Agreement. Without limitation of the foregoing, Client will not copy, recompile, disassemble, reverse engineer, or make or distribute any other form of or any derivative work from the Application Programs.

**SECTION 2 PAYROLL IMPLEMENTATION SERVICES.**

**2.1 Implementation Services.** If specified in the Pricing Appendix, ADP will assist Client in implementing the Payroll Services for the benefit of and in conjunction with Client in accordance with the provisions of this Section 2. Client will cooperate with ADP and provide ADP with all necessary information and reasonable assistance required in order for ADP to successfully implement the Payroll Services. ADP will notify Client when, in accordance with its normal acceptance procedures, the Payroll Services are operational and available for Client's use.

**2.2 Timely Completion of Implementation.** ADP will use commercially reasonable efforts to complete the implementation services in accordance with the mutually agreed upon implementation schedule.

**2.3 Project Managers.** Each of Client and ADP will designate a project manager for the implementation through first payroll phases of the project and will promptly notify the other of the name, telephone number and address of such person. The Client project manager and the ADP project manager, as appropriate, will be deemed to have authority to issue, execute, grant, or provide any approvals, requests, notices, or other communications required under this Annex or requested by the other party in connection with the implementation of the Payroll Services.

**2.4 Review Meetings.** As agreed by the project managers, appropriate personnel from ADP and Client will meet to discuss the progress made in the performance of their respective obligations under this Agreement during the implementation of Services.

**SECTION 3 CUSTOM PROGRAMMING.**

If ADP develops computer programs for Client's use in connection with the Services, such computer programs will be owned by ADP, and Client shall retain a non-exclusive, non-transferable license to such computer programs, subject to the remainder of this Section 3. All rights to such computer programs not expressly granted to Client hereunder are reserved by ADP. ADP shall be entitled to use such computer programs without having to account to Client or to obtain Client's prior consent. The fees for developing such computer programs will be mutually agreed to by ADP and Client and are in addition to any other charges covered by this Agreement. Client agrees to allow such computer programs to be used solely in connection with its receipt of the Services. All such computer programs shall exclude the Application Programs.

**SECTION 4 IPAYSTATEMENTS.**

Notwithstanding the provisions of Section 2 of Annex A, Client will be exclusively responsible for compliance with all laws and governmental regulations with respect to ADP iPayStatements.

**SECTION 5 RESERVED.****SECTION 6 NON-FULL SERVICE WAGE GARNISHMENT COMPONENT OF PAYROLL SERVICES ("WGPS").**

**6.1 Remittance of Funds.** Client will remit or otherwise make available to ADP sufficient, good and available funds within the deadline and via the method of delivery required by ADP to cover Client's wage garnishment payment obligations. ADP will have no obligation to pay amounts to third parties on behalf of Client absent timely funding. ADP will apply such funds to satisfy Client's wage garnishment filing obligations covered by the ADP Wage Garnishments Services.

**6.2 Investment Proceeds.** IF ADP RECEIVES CLIENT'S FUNDS IN ADVANCE OF THE TIME ADP IS REQUIRED TO APPLY SUCH FUNDS TO CLIENT'S WAGE GARNISHMENT FILING OBLIGATIONS AS PART OF THE ADP WAGE GARNISHMENTS SERVICES, ALL INVESTMENT EARNINGS AND PROCEEDS ON SUCH FUNDS, IF ANY, WHILE SUCH FUNDS ARE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP.

**6.3 Commingling of Funds.** AS PART OF ADP'S FEES, ADP may commingle Client's funds with similar funds from other clients and with similar ADP and ADP-administered funds. ADP utilizes a funds control system that maintains general ledger entries by client.

**6.4 Basis of Termination of WGPS.** Upon written notice to Client, ADP may immediately terminate the ADP Wage Garnishments Services if Client fails to comply with any provision of Section 6.2. In addition, if ADP reasonably determines that it can no longer provide all or any portion of the ADP Wage Garnishments Services due to changes in applicable law or application of existing law, ADP may, in its sole discretion and upon notice to Client, immediately terminate the applicable portion of the ADP Wage Garnishments Services. If the ADP Wage Garnishments Services are terminated by ADP pursuant to this Section 6.4, Client will immediately (i) be responsible for payment of Client's wage garnishment and voluntary deduction amounts associated with that portion of the ADP Wage Garnishments Services terminated by ADP and not otherwise collected from Client by ADP including, without limitation, any judgments, court costs, legal fees, and interest accruing after the date of such termination, (ii) be responsible for its garnishment answer and filing obligations (iii) reimburse ADP for all such payment obligations paid by ADP on behalf of Client and if not paid or reimbursed by Client and (iv) pay all fees and charges invoiced by ADP to Client relating to the ADP Wage Garnishments Services performed prior to the effective date of the termination.

**6.5 Reinstatement after Termination.** If ADP terminates the ADP Wage Garnishments Services pursuant to Section 6.4 and Client determines that its failure to comply with the provisions of Section 6.2 was the result of a clerical error, Client may request in writing (a "Reinstatement Request") that ADP reinstate the ADP Wage Garnishments Services. The Reinstatement Request will be certified by an authorized representative of Client and include a detailed description of the circumstances surrounding Client's failure to comply with the provisions of Section 6.1. If ADP agrees, in its reasonable discretion, that Client failed to comply with the provisions of Section 6.2 because of

a clerical error, ADP will reinstate Client's ADP Wage Garnishments Services at the earliest date reasonably possible. As a condition to continuing to provide the ADP Wage Garnishments Services, ADP may require (i) Client pays all outstanding and future wage garnishment payment obligations and all fees and charges for the ADP Wage Garnishments Services and (ii) a change in funding timing, payment methods or both.

**6.6 Additional Requirements.** If Client fails to comply with the provisions of Section 6.1 and ADP chooses in its discretion to not terminate the WGPS, as a condition to continuing to provide the WGPS, ADP may require Client to pay all outstanding and future wage garnishment payment obligations covered by the WGPS by (i) bank or certified check, (ii) wire transfer of immediately available funds, and/or (iii) in advance of the then current schedule.

## ANNEX C ADP EMPLOYMENT TAX FILING SERVICES

### SECTION 1 THE ADP EMPLOYMENT TAX FILING SERVICES.

**1.1 ADP Employment Tax Filing Services.** ADP will provide to Client the tax filing services set forth in the Pricing Appendix (collectively, the "ADP Employment Tax Filing Services").

**1.2 Additional Documents.** Client will execute and deliver to ADP copies of the Reporting Agent Authorization, Client Account Agreement and such other limited powers of attorney and other documents, forms or instruments necessary for ADP to render to Client the ADP Employment Tax Filing Services.

**1.3 Important Tax Information (IRS Disclosure):** Notwithstanding Client's engagement of ADP to provide the ADP Employment Tax Filing Services, the Internal Revenue Service wishes Client to know that Client is responsible for the timely filing of payroll tax returns and the timely payment of payroll taxes for its employees. The Internal Revenue Service wishes Client to know that it recommends that employers enroll in the U.S. Treasury Department's Electronic Federal Tax Payment System (EFTPS) to monitor their accounts and ensure that timely tax payments are being made for them, and that online enrollment in EFTPS is available at [www.eftps.gov](http://www.eftps.gov); an enrollment form may also be obtained by calling (800) 555-4477; that state tax authorities generally offer similar means to verify tax payments; and that Client may contact appropriate state offices directly for details.

### SECTION 2 FUNDING OF OBLIGATIONS.

**2.1 Remittance of Funds.** Client will remit or otherwise make available to ADP sufficient good and available funds within the deadline set forth in the Pricing Appendix and via the method of delivery required by ADP to cover Client's tax filing obligations. ADP shall have no obligation to file Client's taxes absent timely funding. ADP will apply such funds to satisfy Client's tax filing obligations covered by the ADP Employment Tax Filing Services.

**2.2 Investment Proceeds.** IF ADP RECEIVES CLIENT'S FUNDS IN ADVANCE OF THE TIME ADP IS REQUIRED TO APPLY SUCH FUNDS TO CLIENT'S TAX FILING OBLIGATIONS AS PART OF THE ADP EMPLOYMENT TAX FILING SERVICES, ALL INVESTMENT EARNINGS ON SUCH FUNDS, IF ANY, WHILE SUCH FUNDS ARE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP.

**2.3 Commingling of Funds.** ADP may commingle Client's funds with similar funds from other clients and with similar ADP and ADP-administered funds. ADP has a funds control system that maintains general ledger entries by client and by jurisdiction for tax liability deposits.

### SECTION 3 ADDITIONAL TERMINATION.

**3.1 Basis for Termination.** If Client fails to comply with any provision of Section 2.1, ADP may, in its sole discretion, terminate the ADP Employment Tax Filing Service under this Agreement immediately upon notice to Client. If the ADP Employment Tax Filing Service is terminated by ADP, Client will immediately (i) be responsible for payment of Client's tax filing obligations, including, without limitation, any penalties and interest accruing after the date of such termination, (ii) reimburse ADP for all tax filing obligations paid by ADP on behalf of Client and theretofore not paid or reimbursed by Client, and (iii) pay any and all fees and charges invoiced by ADP to Client relating to the ADP Employment Tax Filing Service.

**3.2 Reinstatement after Termination.** If ADP terminates the ADP Employment Tax Filing Services pursuant to Section 3.1 and Client determines that its failure to comply with the provisions of Section 2.1 was the result of a clerical error, Client may request in a writing delivered to ADP (a "Reinstatement Request") that ADP reinstate the ADP Employment Tax Filing Services. The Reinstatement Request shall be certified by an executive officer of Client and include a detailed description of the circumstances surrounding Client's failure to comply with the provisions of Section 2.1. If ADP agrees, in its reasonable discretion, that Client failed to comply with the provisions of Section 2.1 because of a clerical error, ADP will reinstate Client's ADP Employment Tax Filing Services at the earliest date reasonably possible.

**3.3 Additional Requirements.** If Client fails to comply with the provisions of Section 2.1, as a condition to continuing to provide the ADP Employment Tax Filing Services, ADP may require Client to pay all outstanding and future tax filing obligations covered by the ADP Employment Tax Filing Services and/or all ADP fees and charges for the ADP Employment Tax Filing Services hereunder to ADP by (i) bank or certified check, (ii) wire transfer of immediately available funds, and/or (iii) in advance of the then current schedule.

### SECTION 4 FURTHER LIMITATION OF LIABILITY.

The provisions of this Section 4 supplement the provisions of Section 7 of Annex A hereto. If as a result of an error or omission made by ADP in performing the ADP Employment Tax Filing Services hereunder, an applicable taxing authority imposes a penalty on or assesses interest against Client, ADP will (i) pay all penalties resulting from ADP's error or omission, (ii) pay any interest charges imposed on Client for the failure to pay funds to the extent and for the period that such funds were held by ADP. In any such case, Client will be responsible for all additional taxes Client is legally required to pay any other interest charges not resulting from ADP's error or omission. The provisions of this Section 4 will only apply if (iii) Client permits ADP to act on Client's behalf in any communications and/or negotiations with the applicable taxing authority that is seeking to impose any such penalties or interest and (iv) Client assists ADP as reasonably required by ADP.

**ANNEX F  
ADP ENTERPRISE SERVICES****SECTION 1 DEFINITIONS.**

The following capitalized terms used in this Annex without other definition are used as defined in this Section 1. Each of the following definitions shall be equally applicable to the singular and plural forms of the terms defined. As used in this Annex, the terms "herein" and "hereunder" refer to this Annex in its entirety and not to any particular section or other subdivision of this Annex. Unless otherwise specified, any reference herein to a section or other subdivision is a reference to a section or subdivision of this Annex.

**1.1 "ADP Enterprise Services"** means (i) the grant to Client of a license to use the Application Programs listed in the Pricing Appendix pursuant to Section 2 and (ii) operation of the System pursuant to Section 3.

**1.2 "Documentation"** means all manuals and related documentation generally provided by ADP to clients in connection with the Application Programs and reasonably necessary for the use of the Application Programs by Client. The Documentation is included in the ADP Products, as such term is defined in Annex A.

**1.3 "System"** means the Application Programs as run on the Hosted Environment.

**1.4 "Hosted Environment"** means the hardware, System software, hosting support software, network connectivity, and facility used by ADP to support the System.

**SECTION 2 ADP ENTERPRISE SERVICES AND SOFTWARE LICENSE.**

**2.1 ADP Enterprise Services.** ADP will provide the ADP Enterprise Services set forth in the Pricing Appendix to Client in accordance with the terms of this Agreement.

**2.2 Grant of License.** ADP grants to Client a personal, non-transferable, non-exclusive right and license to use solely for Client's internal business purposes the Application Programs listed in the Pricing Appendix and the Documentation.

**2.3 Type of License.** The license granted pursuant hereto is for production only and not development.

**2.4 Limitation on Use of Application Programs.** Client will use the Application Programs only to process its own internal data and only in connection with its receipt of ADP's Payroll Services. Client will not assign, loan, sub-license or otherwise transfer the Application Programs, or alter, modify or adapt (or cause to be altered, modified or adapted) the Application Programs. Client will not publish the results of benchmark tests run with the Application Programs. CLIENT WILL NOT COPY, RECOMPILE, DISASSEMBLE, REVERSE ENGINEER, OR MAKE OR DISTRIBUTE ANY OTHER FORM OF OR, EXCEPT AS PERMITTED BY THIS SECTION 2.4, ANY DERIVATIVE WORK FROM, THE APPLICATION PROGRAMS. Client will not allow all or any part of the Application Programs to be used in any country not respecting the trade secret and copyright protection of the Application Programs. Client will not (i) employ the development tools provided to Client, (ii) write or modify reports (excluding ADP Reporting reports) or interfaces, or (iii) modify the database, in any way, except as expressly authorized by ADP.

**2.5 Documentation.** ADP will make available to Client any Documentation applicable to the Application Programs, Client will copy the Documentation only for its internal business use to satisfy its reasonable internal needs, *provided* that any such copies include all proprietary, copyright and other similar notices.

**2.6 Limited Warranty.** Neither ADP nor the third parties from whom ADP has obtained the right to use, or license to Client, the Application Programs warrants that the Application Programs will meet Client's requirements or that the operation of the Application Programs will be uninterrupted or error free. However, ADP warrants that (a) if each part of the Application Programs is used on the computer equipment and with the operating system for which it was designed, the Application Programs will perform substantially in accordance with the Documentation, and (b) the media on which the Application Programs is furnished will be free from defects in materials and workmanship with normal use.

**2.7 Ownership of Modifications.** Any System modifications or custom modules written by ADP hereunder will be owned by ADP, and Client shall retain a non-exclusive, non-transferable license to such modifications or custom modules, subject to the remainder of this Section 2.7. All rights to such modifications and custom modules not expressly granted to Client hereunder are reserved by ADP. Notwithstanding the foregoing, Client will not disclose or distribute such System modifications or custom modules and will only use such System modifications or custom modules for its own internal business purposes and solely in connection with its receipt of the ADP Enterprise Services.

**SECTION 3 RESERVED.****SECTION 4 RESERVED.****SECTION 5 THE IMPLEMENTATION SERVICES.**

**5.1 Implementation Services.** ADP will provide the implementation services specified in the Pricing Appendix (the "Implementation Services").

**5.2 Implementation Property.** Subject to the remainder of this Agreement, ADP hereby grants to Client a non-exclusive, non-transferable license to any custom modules, custom modifications, custom programs, and related documentation ("**Custom Programs**") written by ADP. Notwithstanding the foregoing, Client will not copy, disclose or distribute the Custom Programs and will only use the Custom Programs for its own internal business purposes and solely in connection with its receipt of the ADP Enterprise Services. The Custom Programs will at all times remain the exclusive, sole and absolute property of ADP. Except for the license granted to Client under this Section 5.2, Client will have no interest in the Custom Programs. All rights, title and interest in or to any copyright, trademark, service mark, trade secret, and other proprietary right relating to the Custom Programs and the related logos, product names, etc. are reserved and all rights not expressly granted are reserved by ADP. Client may not obscure, alter or remove any copyright, trademark, service mark or proprietary rights notices on any Custom Programs.

**5.3 Parallel Testing.** Client will be exclusively responsible for the consequences of Client's failure to review all payroll registers, disbursement records, payroll reports and other reports, documents and output relating to parallel payroll processing during implementation for accuracy, validity and conformity with Client's live payroll processing

**SECTION 6 TERM AND TERMINATION.**

The provisions of this Section 6 supplement the provisions of Section 8 of Annex A hereto.

**6.1 Termination by ADP.** The license rights granted in Section 2 of this Annex may be terminated by ADP if Client breaches any of the terms contained in Section 2 of this Annex or Section 6.3 of Annex A, and Client fails to cure the breach within 7 calendar days of such breach.

**6.2 Effect of Termination.** If a Deferred Fee is set forth in the Pricing Appendix, then Client acknowledges that the setup and one-time costs for the ADP Enterprise Services have been deferred and financed by ADP and will be paid by Client over the Initial Term of this Agreement as a portion of the Hosting Fee. If either ADP or Client terminates this Annex for any reason prior to the expiration of the Initial Term, Client will pay to ADP an amount equal to such Deferred Fee.



## PRICING APPENDIX SERVICE AND FEE SCHEDULE

### SECTION 1 THE CLIENT GROUP.

Howard County, Maryland

### SECTION 2 ADDRESS OF ADP FOR NOTICES.

ADP, LLC  
100 Northwest Point Blvd.  
Elk Grove Village, IL 60007  
Attention: General Manager

### SECTION 3 TERMINATION DATE.

In the case of Services provided in the United States, the Termination Date is 5 years from the Effective Date of the Amended and Restated National Account Services Master Services Agreement (the "Agreement").

### SECTION 4 FEE EFFECTIVENESS; FEE CHANGES.

The ongoing Services fees set forth in this Pricing Appendix will become effective on the latter of (a) the date of execution of this Agreement by ADP, if ADP is the last party to sign or (b) the date of receipt of a fully executed Agreement by ADP, if ADP is the first party to sign (such date being the "Ongoing Services Pricing Effective Date"); for any ongoing Services provided to Client prior to the Ongoing Services Pricing Effective Date, Client will pay the rates invoiced to Client by ADP for such Services.

The fees set forth in the Pricing Appendix will remain fixed for three (3) years following the Effective Date of the Agreement. In year four (4) of the Initial Term, ADP may modify the fees for the Services on an annual basis by 2.5% with 30 days' prior written notice. During the remainder of the Initial Term (year five (5)), the fees set in year four (4) shall remain fixed. ADP may modify the fees for the Services on an annual basis by 3% with 30 days' prior written notice during any term after the Initial Term.

The fees set forth in Section 5.3 may be modified by ADP upon written notice to Client (if and as applicable).

### SECTION 5 FEES.

#### 5.1 Implementation Fees. N/A

#### 5.2 Ongoing Services Fee.

The fees for Ongoing Services (the "Ongoing Services Fees") are set forth in the table below. The Ongoing Services Fees are based on the scope of work outlined in the Statement of Work. The Statement of Work sets forth a description of Services to be provided.

Ongoing Services Fees	Rate	Frequency	Based on
<b>HR/Payroll Services</b>			
Y/E Info, Tax Reporting, W-2s	\$4.33	form	Includes W-2's, Earnings Summary Statements, Year-end W&T Reports on paper & CD, W2 Preview CD with W&T
W-2C's	\$4.33	per W-2C	
Y/E Information Service (1099R)	\$4.48	per 1099R	
<b>PAYROLL PROCESSING</b>			
Pays*	\$1.620	pay	Includes Pays, PQV Net, CD W-2/1099 Reports, Labor Distribution, Payroll QuickView, Benefit Accruals
<b>CORE APPLICATION &amp; HOSTING</b>			
Enterprise HR	\$3,715.19	month	

Ongoing Services Fees	Rate	Frequency	Based on
Enterprise Software (Hosting) *	\$7,326.02	month	
<b>ADP WAGE PAYMENTS SERVICES</b>			
Full Service Direct Deposit (FSDD)*	\$0.05	detail	
ADP Check*	\$0.08	detail	
ADP iPayStatements	\$0.15	pay	
iReports*	\$0.02	pay	
<b>REPORTING AND COMMUNICATION</b>			
CD Payroll Reports CD and Paper*	\$0.05	pay	
Multi-Jurisdiction Reporting	\$15.00	report	
<b>WAGE GARNISHMENTS</b>			
Wage Garnishments Processing Service (WGPS) – Payments*	\$2.00	payment	
Wage Garnishments Processing Service (WGPS) - Service	\$0.00	pay	
Check Reconciliation*	\$0.04	detail	
<b>ADP EMPLOYMENT TAX FILING SERVICES</b>			
ADP Employment Tax Filing Services*	\$0.06	pay	
State/Local Fees	\$9.00	jurisdiction	First state and local jurisdiction per company code included at no charge
FRINGE BENEFIT REGISTER*	\$56.00	per processing	
G/L INTERFACE	\$464.00	per processing	
HOWARD COUNTY RETIREMENT REPORT*	\$56.00	per processing	
LEAVE BALANCE HOURS REPORT*	\$56.00	per processing	
M/F TAPE FOR CUSTOM	\$0.00	no charge	
MD FILE (PRDR8.080)&HC TAPE-RETIREMENT	\$0.00	no charge	
NATIONWIDE CONTRIBUTIONS*	\$56.00	per processing	
PAY TAPE FOR GL	\$0.00	no charge	
PAYROLL MANAGEMENT REPORT*	\$56.00	per processing	
POLICE/FIRE RETIREMENT REPORT*	\$56.00	per processing	

(\*) denotes features applicable to 2.5% bottom line discount (to be applied to invoiced amounts).

To the extent that Client is receiving components of the Services or features not listed in this Pricing Appendix, then Client shall pay to ADP the rates currently charged by ADP for such components of the Services or features.

### 5.2.3 Reserved.

### 5.3 Miscellaneous Rate Card Items (if applicable).

5.3.1 The fees for Miscellaneous Services (the "Miscellaneous Services Fees") are set forth in the table below. The Miscellaneous Services Fees are based on the scope of work outlined in the Statement of Work and will be charged at the prevailing rates on a monthly basis as they occur after the Services commence.

Category	Item Description	Units Included in Fees	Rate per Unit (or ADP Prevailing Rate)	Frequency	Based on
----------	------------------	------------------------	--	-----------	----------

RATE CARD					
<b>Payroll Processing</b>					
Pays/ Distribution	Direct Mail Services	0	First Class Postage plus \$0.10	Per item	- Per item mailed

Other	Management Reports	0	\$30/ regular processing \$80/ quarterly or annual	Per processing	
	Adjustment Payrolls	0	\$75 plus	Per processing	- \$75 per processing plus Client's per pay rate for each pay adjustment
	Client Service/Support, and Hosting Contacts	5	\$260.00	Monthly	- Per contact per month
<b>Year End Services</b>					
Year End Services	W-2 Reissue	0	\$8.50	Per form	- \$500.00 annual maintenance
	CD ROM Output for Reports	0	\$150.00	Per CD produced	- Includes 0 CD(s)
<b>Hosting Services</b>					
Hosting	Additional Client Requested Databases - Temporary or Permanent	0	\$1,575.00	Monthly	- Per database per month (excluding the one (1) production instance included in base hosting fee)
	Additional SQRs > 3	0	\$210.00	Monthly	- Per SQR per month - Includes 0 SQR(s) over the 3 included DSOREVIEW - If Deal Sheet option for > 3 SQRs/customs was turned on, enter the total number of SQRs/customs
<b>ADP Employment Tax Filing Services</b>					
State/Local Fees	Tax Jurisdictions in Applied For Status	0	\$50.00	Per occurrence	- Per state per month
	Tax Registration Services	0	\$150.00	Per transaction	
Amendments	Amended Return	0	\$105.00	Per occurrence	- Applies to all Federal, State, Local, SIT, SUI returns
SSN Changes	Social Security Number Change	0	\$55.00	Per occurrence	- Applies to SUI, State Recon, Local Recon
Exceptions	Exception Return	0	\$150.00	Per occurrence	Applies to: - Federal 941, 942, 944, 945, 1086, W-3C - FUTA, SIT and SUI - CA - NJ SIT/SUI - State Recon and State 1096 - Local, Local Recon and Local 1096
	Re-close Fee	0	\$50.00	Per occurrence	

**5.4 Pass-Through Expenses.** Pass-through expenses consist of charges incurred by ADP on behalf of Client in connection with Services not already contemplated in Section 5.2 and Section 5.3. Pass-through expenses include travel and out-of-pocket expenses, language line services, and ADP distribution services (such as mail and overnight delivery services provided to ADP by third parties in respect of the Services) at ADP standard rates. Rates vary based on location, package weight, and courier selected. If Client directs ADP to use its own third party overnight delivery service account, then a \$3.00 handling charge per package shall apply. Pass-through expenses will be billed monthly as incurred and are identified separately on ADP invoices.

Travel and related expenses incurred to provide Services under this Agreement will be billed in accordance with Annex Y.

**5.5 Change Control Fees.** Fees for Change Control Items are incurred for analysis, development and delivery of changes to Services. Change control requests that, when completed, will cause ADP to vary from assumptions specified in the Pricing Appendix and/or the Statement of Work will result in an increase to Ongoing Service Fees.

The hourly rates for Change Control Items are as follows:

- \$175.00 per hour for Implementation Services or Ongoing Services
- Rate for System Modifications as described in the Statement of Work and/or System Repair as described in Support exhibit:
  - Level I: \$375.00 per hour
  - Level II: \$275.00 per hour
  - Level III: \$175.00 per hour

Additionally, projects that are quoted and invoiced on a time and materials basis are invoiced based on the actual hours worked, whether that work is performed on-site or off-site, unless otherwise stated. In the event that a consultant is contracted for a one- or two-day assignment, a minimum of eight hours per day will be invoiced unless prior arrangements have been made.

If Client utilizes a third party accounts payable business process outsourcing provider, and if such provider charges ADP a fee for ADP to receive the amounts invoiced under this Agreement or applies a discount as compensation for such provider's services, then Client shall be responsible for such fees and discounts. Unless the parties agree to a different method of reimbursement, ADP shall treat such fees or discounts as a pass-through third-party expense and shall invoice Client any amount incurred by ADP.

**5.5.1 Change Control Procedure.** If any change in the Implementation Services or the ongoing Services occurs, including, without limitation the items specified below (each, a "**Change Control Item**"), that requires ADP to devote resources, expend time or otherwise incur costs not contemplated by this Agreement as part of the Implementation Services or the ongoing Services, as the case may be, ADP will follow the specified change control procedures prior to devoting such resources, expending such time or incurring such costs. Certain Change Control Items are required in order for ADP to continue to perform the Implementation Services or the ongoing Services, as the case may be, and such required Change Control Items (each, a "**Required Change Control Item**") shall not require Client's consent, except that the fees associated with any such Required Change Control Item shall be as mutually agreed, provided that such mutual agreement shall not to be unreasonably withheld. In addition, Change Control Items may have an impact on fees for ongoing Services and ADP will notify Client of any such expected fee impact, which fee impact shall also in all cases be subject to the mutual agreement of the Parties. ADP shall not unreasonably request adjustment to fees, nor shall Client unreasonably withhold agreement to equitable fee adjustments commensurate with the additional work effort required as a result of Change Control Items. Change Control Items include but are not limited to the following:

- i) services requested or otherwise required to be provided in connection with the Implementation Services or the ongoing Services that are outside the original scope of the Implementation Services or the ongoing Services,
- ii) services requested or otherwise required to be provided in connection with the Implementation Services or the ongoing Services resulting from changes to the magnitude of scope in the Implementation Services or the ongoing Services due to the discovery or disclosure of new information since such services were accepted, or due to incorrect information upon which such services are based (a Required Change Control Item),
- iii) a change to a project deliverable after that deliverable has been accepted by Client as complete,
- iv) failure by Client to meet project-related commitments, or failure by Client to respond in a commercially reasonable manner to reasonable requests by ADP for Client's cooperation or for information from Client (a Required Change Control Item),
- v) additional work effort required as a result of schedule delays caused by Client (a Required Change Control Item),
- vi) failure by Client to provide an environment necessary to support the Implementation Services (i.e., workspace, personal computers, printers, administrative support, etc.) (a Required Change Control Item), and
- vii) any change must be enacted in connection with ADP Benefits or ADP COBRA (not due solely to ADP's actions or omissions) in order for ADP to continue to perform the Services (a Required Change Control Item).

**5.5.2 Change Control Documentation.** Upon the occurrence of a Change Control Item, ADP will deliver to Client a notice (a "**Change Control Notice**") setting forth (i) the details of the Change Control Item, (ii) an analysis of the impact of the Change Control Item on the Implementation Services or the ongoing Services, as applicable, including whether the Change Control Item may result in changes to expected or target completion dates, (iii) an estimate of the time, materials, and aggregate costs required to address the Change Control Item, and (iv) whether the Change Control Item is a Required Change Control Item. Client will notify ADP within 10 Business Days whether or not the Change Control Item is approved as submitted. If Client does not respond to the Change Control Item within the specified period, the Change Control Item will be deemed to be rejected by Client. If Client rejects a Change Control Item, ADP may proceed to provide the Implementation Services or the ongoing Services, as applicable, without implementing the Change Control Item or ADP may dispute the rejection of the Change Control Item. The immediately preceding three sentences will not apply to a Required Change Control Item.

**5.5.3 Change Control Dispute Resolution.** If ADP and Client disagree as to whether an event, requirement, measure, or deliverable is subject to the change control provisions, within 5 Business Days of discovery of such disagreement, ADP and Client shall meet (in person or by telephone) and make a good faith effort to resolve the disagreement. If the parties are unable to resolve the dispute, the parties will summarize the dispute in writing and forward it to a senior executive of ADP and a senior executive or officer of Client. Such executives will meet (in person or by telephone) within 5 Business Days of delivery of the dispute summary and make a good faith attempt to resolve the dispute. If the senior executives are unable to resolve the dispute, the dispute will be mediated as soon as practicable by a third-party mediator knowledgeable in software development and support and reasonably acceptable to ADP and Client. The cost of the mediation will be shared equally by ADP and Client.

**5.5 Reserved.**

**5.6 Reserved.**

**5.7 Funding Requirements.** Client must be setup with a permanent reverse wire collection method for processing of garnishment, tax liabilities, and/or ADP Wage Payments Services impounds. Tax liabilities will be collected one (1) Business Day prior to pay date. ADP Wage Payments Services, including FSDD, and garnishment impounds will be collected 2 Business Days prior to pay date.

**5.8 Reserved.**

## SECTION 6 APPLICATION PROGRAMS.

The Application Programs licensed to Client are listed below:

ADP to deploy the Application Programs at a Uniform Resource Locator (URL) to be selected, registered, and owned by ADP.

- ADP Enterprise HR without Advanced Toolkit
- ADP Reporting

ADP reserves the right to substitute different technology, so long as no substitution has a material adverse effect on System performance or ADP's ability to meet the Service Levels, and ADP will discuss same with Client.

1.

### SECTION 7 EXHIBITS.

- Exhibit 1 - Maintenance Windows
- Exhibit 2 - Support
- Exhibit 3 - Statement of Work
- Exhibit 4 - Volume Assumptions

The Hosted Environment (for those Services listed in Section 5.1.1 of the Pricing Appendix) is generally available for Client access 24 hours a day, 7 days a week; however, ADP reserves the right to perform maintenance during the hours specified below. Hosted Environment availability or performance may be negatively impacted during the maintenance period. ADP makes no guarantee that maintenance tasks will be completed during the Maintenance Windows; however if ADP determines that maintenance tasks extending beyond the Maintenance Windows will impact Client's use of the Application Programs, ADP will give Client as much advance notice as possible. All times reflect U.S. Eastern Time Zone except where noted.

System	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Enterprise HRMS	10:00pm Mon. – 6:00am Tues.	10:00pm Tues. – 6:00am Weds.	10:00pm Weds.– 6:00am Thurs.	10:00pm Thurs. – 6:00am Fri.	10:00pm Fri. – 6:00am Sat.	10:00pm Sat. – 12:00am Sun.	12:00am Sun.– 6:00am Mon.
<ul style="list-style-type: none"> <li>Maintenance Window includes ADP Reporting and . The ability to view or modify data via ADP Reporting and may be impacted during the Maintenance Windows for the core Payroll platform.</li> </ul>							

**NOTES:**

- Additional Maintenance – In certain situations, ADP may perform additional maintenance at times other than the Maintenance Windows. When ADP determines that additional maintenance will have a direct impact on Client's use of the System, ADP will give Client as much advance notice as possible.
- Unscheduled Downtime – The System may experience unscheduled downtime. ADP will notify the Client-designated representative of unscheduled downtime as soon as practicable. ADP will work diligently to correct the problem until it is resolved and the System is made available.



Support (for those Services listed in Section 5.1.1 of the Pricing Appendix) is available during the hours specified below, excluding ADP holidays. All times reflect U.S. Eastern Time Zone except where noted.

Client will promptly notify ADP in writing of the names, addresses (including an e-mail address if available), telephone numbers and facsimile numbers of client-designated contacts for the Services. Only the Client Contacts, and no other employee of Client, may contact directly the Service Representative unless an emergency exists or (ii) prior arrangements have been made.

System	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
<b>Application Hosting Support as detailed in the Statement of Work</b>							
Enterprise HR	8:00am – 8:00pm	8:00am – 8:00pm	8:00am – 8:00pm	8:00am – 8:00pm	8:00am – 8:00pm	No coverage	No coverage
<ul style="list-style-type: none"> <li>Provide support for inquiries for up to 5 Client-designated contacts.</li> <li>Scheduled support provided outside the support window to be charged at the Level II rate providing ADP is given 6 Business Days advance notice for database refreshes and file restores. Unscheduled Support outside of the support window will be charged at the Level I rate.</li> <li>System Repair – Any corrective actions performed by ADP resulting from damage caused by Client will be billed on a time and materials basis at the Level I hourly rate specified in the Pricing Appendix.</li> <li>Scheduled service requests with normal priority for system modification work will be billed at the Level III rate.</li> </ul>							
<b>Tier I and II Support of HR/Payroll</b>							
<ul style="list-style-type: none"> <li></li> </ul>							
SENSC	8:00am – 7:00pm	8:00am – 7:00pm	8:00am – 7:00pm	8:00am – 7:00pm	8:00am – 7:00pm	No coverage	No coverage
<ul style="list-style-type: none"> <li>Pager support for limited assistance or follow-up next Business Day available 7:00pm - 8:00am Monday – Friday. Tier II pager support available until 12:00am.</li> </ul>							

**NOTES:**

- Current ADP U.S. holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day

## Statement of Work for Ongoing Services

This matrix generally defines the responsibilities of ADP in delivering services to Client. Please note that all services are provided in accordance with standard ADP processes and methodologies.

Overview		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
Overview	Provide systems and services to Client as defined in Client Statement of Work	X			
	Retain a team and other needed resources to address Client's strategic issues and other items specifically highlighted as Client responsibilities within this matrix, as well as any other items outside the scope of this matrix		X		
Employee Inquiries	Respond to Client employee inquiries except where noted.		X		
Service Teams	Deliver the services defined in Client Statement of Work through ADP service teams	X			
Application Hosting Support	Install, configure, maintain, and support the Hosted Environment <ul style="list-style-type: none"> <li>The Hosted Environment is defined as the hardware, system software, hosting support software, network connectivity, and facility used by ADP to support Client's use of the Application Programs</li> <li>Client may or may not be informed of ADP's making such corrections, modifications, and improvements</li> </ul>	X			
	Provide connectivity from Client systems to ADP via internet connection; ensure availability and reliability of such communication line(s)		X		
	Provide disaster aversion and standard disaster recovery in accordance with ADP's Disaster Recovery Plan	X			
	Monitor and manage the Hosted Environment security, which includes physical security, logical security (including firewalls, encryption and password access control), and intrusion detection	X			
	Provide, monitor, and manage ADP's network used to access the Hosted Environment	X			
	Perform database refreshes and file restores upon request	X			
	Provide connectivity troubleshooting up to Client's demarcation point	X			
	Manage , maintain, and support Client database, as follows: <ul style="list-style-type: none"> <li>One (1) production instance</li> <li>Two (2) non-production instances for ADP use for purposes of ADP support activities and Client user acceptance testing only as required</li> </ul>	X			
	Host HR/payroll application with capacity to maintain online data access for: <ul style="list-style-type: none"> <li>Current pay period year-to-date information</li> <li>Current year plus 3 years of check history</li> <li>All HR demographic data</li> </ul>	X			

Overview		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
	Run weekly process to automatically delete SQR reports, output files, and input files not accessed by Client in more than 420 days; provide listing of deleted reports and files to Client upon Client request	X			NOTE: ADP will restore deleted reports and files requested by Client as long as such requests occur within 6 months following date of deletion
System Updates	Manage and correct errors or deficiencies in the core Application Programs so that the Application Programs conform in all material respects to the core functional specifications based on the initial implementation.	X			
	Install minor version updates as required (that is, a version number change to the right of the decimal point; for purposes of example only, V5.0 to V5.1).	X			
	Install version updates as required for all other Application Programs that are version-less and available to the general client base.	X			
Security Administration	Provide security administration for ADP delivered and/or managed applications, as applicable		X		
	Update ADP regarding changes to security requirements, as applicable		X		
System Interfaces	If applicable, setup, configure and support transmission to and from Client and/or Client vendors of interfaces	X			
	Manage relationship with Client third party vendors including ensuring accurate and timely completion of tasks; act as escalation point for ADP as needed		X		
System Reports	Provide access to standard reports, as applicable	X			
	Access standard reports, as desired; run ad hoc reports using ADP ad hoc reporting tool, as applicable		X		

System Modifications		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
System Modifications	Notify ADP of desired system modification providing detailed specifications including desired outcome in the form of high level estimate or a formal bid (description in the next section) <ul style="list-style-type: none"> <li>In order for Payroll System modifications required by Client and agreed to by ADP to be implemented and in production by the first payroll in January, Client must deliver detailed specifications to ADP no later than the September 1 preceding the January production date.</li> </ul>		X		
	Review requested modification to assess ADP work effort required: <ul style="list-style-type: none"> <li>If 2 hours or less, provide high level estimate to Client within 5 Business Days of</li> </ul>	X			

System Modifications		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
	receipt at no additional cost ▪ If more than 2 hours, notify Client that a formal bid is required (preparation of a formal quote is subject to Change Control) ▪ Year-end customizations and Payroll System modifications requested by Client and agreed to by ADP after September 1 for delivery by the first payroll in January will be quoted and charged at the Level I rate described within the Change Control Fees section of the Pricing Appendix				
	In the event ADP provides a high-level quote: ▪ Review and accept or reject high-level quote, or ▪ Review and request formal quote (preparation of a formal quote is subject to Change Control)		X		
	Perform detailed analysis to produce formal quote for requested system modification as requested by Client ▪ Production of formal quote will be charged at the Level II rate described within the Change Control Fees Section of the Pricing Appendix if Client requires such analysis be completed within less than 10 Business Days; otherwise Level III rate within the Pricing Appendix applies.	X			
	In the event ADP provides a formal quote, review and either accept or reject formal quote ▪ If Client accepts ADP's formal bid and requests that the modification be completed sooner than it is scheduled to be completed, Client will pay the Level II Additional Services Fee in accordance with the specifications and the terms of the formal bid. Client will pay for all time incurred by ADP (up to the not-to-exceed limit) if Client (i) does not engage with ADP in the development process within 15 Business Days of approving the formal bid, (ii) does not test and approve the System modification within 45 days of delivery by ADP, or (iii) subsequently cancels the approved formal bid.		X		

Payroll Services - Ent HR		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
Payroll Processing	Provide payroll processing services	X			
	Gather, validate, and submit payroll data files needed for each payroll processing cycle		X		NOTE: Data to be provided to ADP via the method(s) determined during Implementation, and may be via automated interface, Self Service, and/or standard template

Payroll Services - Ent HR		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
Earnings Calculations	Define earnings calculations and attributes; define accumulators set-up		X		
	Set up and maintain all earnings, with associated calculations, including configurable options	X			
Deduction Calculations	Define deduction calculations		X		
	Set up and maintain all deductions with associated calculations, including configurable options	X			
Wage Garnishments Administration	Enter garnishment orders into payroll system		X		
	Process and track garnishment orders and wage attachments interpreted by and received from Client	X			
	Apply administrative fee, up to legal limit or Client policy, provide access to employee payroll information, and resolve order issues		X		
	Calculate disposable income, monitor deduction limits, allocate and prioritize garnishments, and provide Electronic File Transfer (EFT) disbursement capability	X			
	Provide garnishment, termination, leave of absence, and "unable to withhold" notifications		X		
	Prepare and submit recurring answers to court or agency; respond to employee and agency inquiries		X		
On-cycle Payroll Processing	Set up and maintain system for Client payroll processing, execute payroll gross-to-net process including final distribution	X			
	Facilitate payroll processing by defining payroll policies, procedures, and pay rules; executing payroll production tasks; and notifying ADP of any required changes		X		
Manual Check Processing	Provide ability to process manual checks or Pay Cards as requested by Client	X			
	Process and distribute manual checks processed through ADP systems		X		
	Request manual check processing, and perform any positive pay activity as may be required by Client bank		X		
	Provide Client access to manual check data	X			
	Provide data necessary to assist Client with positive pay activity	X			
Off-cycle Payroll Processing	Notify ADP of upcoming off-cycle processing changes; coordinate processing		X		
	Provide ability to process off-cycle payrolls, execute payroll gross-to-net process including final distribution	X			
	Provide Client access to off-cycle payroll data	X			

Payroll Services - Ent HR		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
Paycheck Printing & Distribution	Establish and maintain paycheck distribution schedule and requirements		X		
	Print, sort, and distribute paychecks and advices	X			
ADP Employment Tax Filing Services	File federal, state, and local payroll taxes and make deposits to applicable agencies	X			
	Submit all returns and reports as required by federal, state, and local tax agencies for jurisdictions within which ADP files; prepare amended returns, as necessary (additional fees may apply)	X			
	Notify ADP of any new jurisdiction set-ups; complete and submit application forms to tax agency(ies) and ADP for any new jurisdictions		X		
	Monitor and notify ADP of employees hired or moved into jurisdictions where Client is not registered		X		
	Provide required documentation and notification regarding any local taxes that employee requests Client to withhold and file		X		
Quarter-end Processing	Manage quarter-end payroll and tax processing based on Client approved data	X			
	Support quarter-end payroll and tax processing	X			
Year-end Processing	Manage year-end payroll and tax processing based on Client approved data	X			
	Support quarter-end payroll and tax processing	X			
	Create and distribute Client employee W-2s, 1099Rs, and 1099Ms	X			
	Create and distribute Client employee W-2Cs		X		

Human Resources (HR) Services		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
HR	Provide tool to house core employee HR data	X			
	Communicate to Client employees how to access and use Self Service tools to enter, view, and update HR data		X		
	Provide Client access to data management tools to enable reporting and analysis	X			
	Use Self Service to enter and manage Client employee transactions		X		
HR Compliance	Provide tool and standard report templates to assist Client Retained Team in	X			



Human Resources (HR) Services		Responsibility			
Area	Task/Activity	ADP	Client	Third Party	Notes
Support	complying with federal and state HR laws				
HR System Administration	Provide tool to enable Client to update and maintain employee data	X			

## Volume Assumptions

The following table includes the additional assumptions with respect to estimated volumes for each category of Services indicated below. Pursuant to Section 3.2 of Annex A, the Ongoing Services Fees are based on the description of Services set forth in the Statement of Work and the assumptions below.

Category	Item Description	Units Included in Fees	Rate per Unit (or ADP Prevailing Rate)	Frequency	Based on
<b>VOLUME ASSUMPTIONS</b>					
<b>Payroll Processing</b>					
Populations	Pay Frequencies	2	Included		- Includes up to 2 pay frequency(ies)
	Company Codes / Pay Groups	2	Included		- Includes up to 2 company code(s)
	Employees Paid Bi-Weekly	4,000	Included		- Processing for up to 4,000 employees paid bi-weekly included
	Employees Paid Monthly	90	Included		- Processing for up to 90 employees paid monthly included
Pays/ Distribution	Payment Transactions	89,532	Included		- Includes up to 89,532 payment transactions

**AMENDED AND RESTATED NATIONAL ACCOUNT SERVICES MASTER  
SERVICES AGREEMENT**

**ATTEST:**

**HOWARD COUNTY, MARYLAND**

\_\_\_\_\_  
Lonnie R. Robbins  
Chief Administrative Officer

BY: \_\_\_\_\_  
Allan H. Kittleman  
County Executive  
Date: \_\_\_\_\_

**APPROVED FOR SUFFICIENCY OF FUNDS:**

\_\_\_\_\_  
Stanley J. Milesky  
Director of Finance

**APPROVED FOR LEGAL SUFFICIENCY**

this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Margaret Ann Nolan  
County Solicitor

Reviewing Attorney:

\_\_\_\_\_  
Kristen Bowen Perry  
Assistant County Solicitor



# Howard County

## Internal Memorandum

**SUBJECT--** Testimony for Resolution \_\_-2015

February 18, 2015

TO: Lonnie R. Robbins  
Chief Administrative Office

Through: Stanley J. Milesky  
Director of Finance

From: Rafiu O. Ighile  
Deputy Director of Finance

The County has engaged Automatic Data Processing (ADP) since 1993 to be the County's payroll provider. The County planned to embark on a RFP process to select a payroll provider pending the full implementation of our Enterprise Resource Planning (ERP) System. While the County has implemented some version of the SAP ERP system, it has not implemented the Human Capital Management segment that will enable us to alleviate the County requirements from ADP.

The County engaged Expense Reduction Analysts (ERA) to review our current services and pricing from ADP and assist in negotiating a new contract. ERA specializes in negotiating with ADP and other payroll providers to obtain service improvements and competitive pricing on behalf of their customers. ERA was tasked with assisting the County in its negotiation with ADP for a new contract that would allow the County flexibility as we consider the functionality required for a new Human Capital Management component of our SAP ERP, at cost for service, including service improvements that are competitive with other providers.

ERA negotiated and received two cost saving options from ADP:

- Option 1 - a three year term with a 7% cost reduction in the County's services, along with no price increase for years 1 and 2 and a 3.5% increase in year 3. Total cost savings of \$130,567
- Option 2 - a five year term with a 10% cost reduction, along with no price increases in years 1, 2, 3 and 5 with a 2.5% increase in year 4. Total cost savings of \$393,590

The County wishes to enter a new 5-year negotiated contract with annual renewals that would provide significant savings for the County over the 5 years with no rate increase in the first 3 years and 2.5% in the final 2 years. After the initial 5 years, the rate increases will not exceed 3% compared to the current contract that allows for over 4% increases annually.

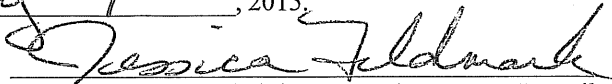
We strongly recommend the approval of the resolution to enable the County carry on with the ability to process bi-weekly payroll for its employees.

cc: Jennifer Sager

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on

May 7, 2015.

  
Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Jessica Feldmark, Administrator to the County Council