Commuter Benefits Account
Summary Description

Note to Employer: This ASD describes the reimbursement benefits available to your employee(s) under this Policy. A copy of this ASD should be provided to all employees who are covered under the Policy.

Plan Administrator/Employer/Agent for Service of Legal Process:
City of Madison
215 Martin Luther King Jr., Blvd.
Madison, WI, 53703

Federal Tax ID: 39-6005507

Your Employer will provide Enrollment Materials at the time of your enrollment that are incorporated by express reference into this Summary Description. These Enrollment Materials will provide:

- The Plan Year
- Eligibility requirements and restrictions
- The Effective Date of your enrollment
- The Monthly Contribution Maximum for Transit and/or Parking Accounts for the Plan Year
- The extent, if any, that you can roll over unused account funds

Runout Period: You will have 31 days from when you terminate, or the plan year ends to submit expenses for reimbursement that were incurred during the plan year.

Deadline for Submitting Expenses for Approval: 31 days after incurring expense.

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PURPOSE

Your Employer is sponsoring this Commuter Benefit Accounts Plan to help you save money on work-related commuter expenses by allowing you to pay for these benefits on a pre-tax basis. This Commuter Benefit Accounts Plan is intended to qualify as a "Qualified Transportation Fringe Benefit" within the meaning of Section 132(f) of the Internal Revenue Code. This Summary describes the basic features and operation of the Commuter Benefit Accounts.

The following Qualified Accounts are offered by your Employer and can be funded under the Commuter Benefit Accounts. These Qualified Accounts have a monthly maximum limit applicable to the month within the corresponding calendar year. If the Plan Year for your Commuter Benefit Accounts crosses two calendar years, you may have a different monthly maximum for each calendar year.

This Commuter Benefit Accounts Plan allows you to reduce your taxable income in direct proportion to your contribution to the cost of your elected benefits.

ELIGIBILITY REQUIREMENTS

This plan defines a plan-eligible Employee to be an individual classified by the Employer as a common-law Employee who is on the Employer's W-2 payroll and meets the Eligibility. Employees do not include self-employed individuals, partners in a partnership, or more- than-2% shareholders in a Subchapter S corporation.

Existing Employees. If you are employed by the Employer on the plan's effective date, you shall be eligible to participate on the later of the plan's effective date or on the date you satisfy the Eligibility Requirements as stated in the Enrollment Materials.

New Employees. If your employment begins after the plan's Effective Date, you will be eligible to participate on the Employee Entry date as stated in the Enrollment Materials, following the date you satisfy the Employee Waiting Period and Eligibility Requirements as stated in the Enrollment Materials.

Re-employment of Former Employees. A former Employee rehired within thirty (30) days of termination will immediately be reinstated into their original elections.

A former Employee rehired after thirty (30) days of termination may make new elections after re-satisfying plan eligibility requirements.

Age Requirement. No maximum age requirement may be imposed for participation in this plan.

GENERAL INFORMATION

The Commuter Benefit Accounts allow you to pay your cost for the benefits you elected through a Salary Reduction Agreement. This agreement allows you to contribute pre-tax dollars to a Commuter Benefit Account instead of receiving the same amount of regular pay. By participating in the plan, you save Social Security and income taxes on the amount of the salary reduction, and do not pay Social Security and income taxes on the Commuter benefits received. Participation in the plan reduces the amount of your taxable compensation and there could be a decrease in your Social Security benefits or other benefits that are based on taxable compensation. However, the tax savings from participating in the plan will more than offset any salary reduction for those benefits.

Administration. Your Employer or appointed Plan Administrator is responsible for the administration of your Employer- Sponsored plan. Should you need to see any records or have any questions regarding these Commuter Benefit Accounts, contact the Plan Administrator. The Plan Administrator has sole discretionary authority (a) to interpret the plan in order to make eligibility and benefit determinations, and (b) to make factual determinations as to whether any individual is eligible and entitled to receive any benefits under the plan.

The Plan Administrator appoints TASC as a Service Provider to maintain certain plan records and to be responsible for the plan's day-

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to-day administration. TASC is not a Plan Administrator and has no discretionary authority regarding the plan.

Plan Termination or Amendment. The Employer, or appointed Plan Administrator, has the right, in its sole discretion, to terminate the plan or to modify or amend any provision of the plan at any time. Upon the termination or partial termination of the plan, participants have no plan benefits except with respect to covered events giving rise to benefits occurring prior to the date of plan termination or partial termination, except as otherwise expressly provided in writing by the Employer. Future state or federal tax laws may also require the Commuter Benefit Accounts to be amended.

Excess Payments. Upon any benefit payment made to a Participant in error under the plan, said Participant will be informed and required to repay the errant amount. This includes and is not limited to amounts over the participant's monthly election, amounts for services that are determined not to be qualified expenses, or when adequate documentation to substantiate a paid request for reimbursement (RFR) or an expense paid with your TASC Card is not provided upon request. The Employer may take reasonable steps to recoup such an amount including withholding the amount from future salary or wages and subtracting from future benefit reimbursement(s) the amount paid in error.

No Continued Employment. No provisions either of the plan or of this Summary shall grant any Employee any rights of continued employment with the Employer or shall in any way prohibit changes in the terms of employment of any Employee covered by the plan.

Non-Assignment of Benefits. No Participant may transfer, assign or pledge any plan benefits.

CONTRIBUTIONS AND ENROLLMENT

Participant Enrollment. You elect to participate in the account by completing and signing an enrollment form. On the form, you will specify the Commuter Benefit Accounts you would like and the salary reduction amount to be withheld from your pay for those accounts.

The enrollment form must be submitted to your Employer prior to the first day of the Period of Coverage when benefits will begin. A Period of Coverage is a calendar month. Your election will automatically renew for subsequent Periods of Coverage unless you submit a new enrollment form to your Employer. You must submit this prior to the first day of the next Period of Coverage and state you want to change or stop your salary reduction amount.

If you fail to return your enrollment form, your Employer will assume that you do not want to participate in the Commuter Benefit Accounts.

Participant Salary Reductions. By participating in the plan, you agree to have future compensation reduced by the total cost of the Commuter Benefit Accounts you elected.

Employer Contributions and Enrollment Elections. At its election, your Employer may pay part of the qualified benefits made available through the Commuter Benefit Accounts. Your Employer will provide annual enrollment materials at the beginning of each Plan Year, or at the time of your enrollment in this plan. The enrollment materials will include: (1) the amount of any Employer contributions for the Commuter Benefit Accounts, (2) the rules defining how the Employer contributions may be used, and (3) the enrollment procedures to make elections for your pre-tax contributions. These enrollment materials are incorporated in this Summary by reference. If the terms of the enrollment materials and this Summary are in conflict, the enrollment materials will control for the Plan Year for which they were provided.

Participant Post-Tax Salary Reductions. Post-tax salary reductions are not permitted under this Commuter Benefit Accounts Plan.

Monthly Contribution Limits. Monthly contributions to the Transit Account or Parking Account may not exceed the monthly maximum amount specified in Code §132(f), as adjusted for inflation and reported annually by the Internal Revenue Service (IRS). The monthly limit for the Transit Account includes Transit Pass Expenses and Commuter Highway Vehicle (Vanpooling) Expenses. Your monthly contribution maximum amount for each applicable account will be indicated on the Enrollment Materials provided by Your Employer.

ELECTION CHANGES

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The laws governing your Commuter Benefit Account election(s) allow you to make changes to your election in some situations.

Current month Period of Coverage. Your election is irrevocable for the duration of the one-month Period of Coverage (calendar month) to which it relates. No changes are allowed once a Period of Coverage has started. This includes participation, salary reduction amounts or the election of a particular Commuter Benefit Account.

Future months Period of Coverage. You may change your election for future Periods of Coverage. To do this, submit a new Enrollment Form to the Plan Administrator before (a) the beginning of the Period of Coverage and (b) the date you receive or use benefits for that Period of Coverage. Your new election will be effective on the first day of the following month (Period of Coverage) after your Employer processes the change request.

COMMUTER BENEFIT ACCOUNTS

The *Participant Reference Guide*, incorporated by express reference into this Summary, includes all the information you need to access your accounts and submit requests for reimbursement. By signing into your online account, you may access information about your reenrollment, available funds, election, total contributions, and total reimbursements.

Generally, you will not be taxed on benefits received under a Commuter Benefit Account—up to the maximum allowed per Code $132(f). However, the tax benefits you receive depend on the validity of an expense paid for with your TASC benefits debit card (TASC Card) or a request for which you received reimbursement. For example, to qualify for tax-free treatment, your commuter expenses must be one of the following (as defined in the Code): Qualified Parking Expenses, Commuter Highway Vehicle Expenses (Vanpooling), or Transit Pass Expenses. If you paid for an expense with your TASC Card or are reimbursed for a request that is later determined not to be for qualified commuter expenses, you will be required to repay the amount. Ultimately, it is your responsibility to determine whether each payment to you under this plan is excludable for tax purposes.

When you incur a qualified commuter expense, you may access your Commuter Benefit Account funds by paying for the expense with your TASC Card. If the vendor does not accept the TASC Card, you may submit a Request for Reimbursement (RFR) to TASC. Refer to the *Request for Reimbursement (RFR) Procedure* section of this document for additional details.

The TASC Card allows you to access your available Commuter Benefit Account funds to pay for qualified commuter expenses. The TASC Card automatically pays for and substantiates most eligible expenses at the point-of-purchase, eliminating the need to submit an RFR. In some cases, additional information or documentation regarding the TASC Card transaction may be required. You must maintain documentation from the TASC Card transactions to validate the expenses and are obligated to submit the documentation as deemed necessary.

If you fail to provide the requested documentation for a commuter expense, or if your TASC Card purchase is later found ineligible, the Plan will use one or more of the following correction methods:

- deactivate the TASC Card until the amount of the improper payment is recovered;
- require you to repay the improper amount;
- withhold the improper payment from your wages or other Compensation to the extent permitted by applicable federal or state law if you fail to repay the improper amount;
- offset future reimbursement(s) until the amount is repaid if the amount remains unpaid; and
- treat the improper payment as a debt you owe to the Employer if the amount continues to remain unpaid.

Qualified Commuter Expenses. Qualified commuter expenses are those qualified expenses you incurred or paid by to purchase or pay for Transit Pass Expenses, Commuter Vehicle (Vanpooling) Expenses and/or Qualified Parking Expenses for purposes of transportation between your residence and your regular place of employment. Only an eligible Employee's expenses are allowed; family member's expenses are not eligible.

Transit Account Expenses. The Transit Account is a combined account for Transit Pass Expenses and Commuter Highway Vehicle (Vanpooling) Expenses.

- *Transit Pass Expenses* are qualified expenses you incurred or paid for any pass, token, farecard, voucher, or similar item (including an item exchanged for fare media) that entitles you to transportation (1) on any mass transit facilities

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(such as train, bus, subway, or ferry), whether or not publicly owned; or (2) provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a highway vehicle with a seating capacity of at least six adults (excluding the driver).

- *Commuter Highway Vehicle (Vanpool) Expenses* are qualified expenses incurred or paid for transportation in a Commuter Highway Vehicle if such transportation is in connection with travel between your residence and place of employment. A Commuter Highway Vehicle is any highway vehicle with a seating capacity of at least six adults (not including the driver) and for which at least 80% of the mileage for a year is (a) for purposes of transporting employees between their residences and their places of employment, and (b) on trips during which the number of Employees transported for such purposes is at least half of the adult seating capacity of the vehicle (not including the driver).

Participants in the Transit Account are not allowed to submit non-card cash reimbursements (RFRs) for Transit Account expenses if the vendor accepts the TASC Card or if a Voucher (or similar item that may be exchanged only for a Transit pass) is readily available. This means participants in the Transit Account are required to use their TASC Card to purchase transit passes from a qualified merchant where a Voucher (or similar item such as the TASC Card) are readily available.

Parking Account Expenses. Qualified Parking Expenses are expenses you incurred or paid for parking at or near your regular place of employment, or expenses incurred to park your car at a location from which you commute to your regular place of employment.

If you incurred or paid a parking expense as a result of a membership in a carpool or vanpool, the expense is not eligible unless you are the individual designated as the "prime member" of the parking space.

Participants in the Parking Account may use the TASC Card to pay for a qualified expense or submit a Request for Reimbursement (RFR) for cash reimbursement.

Available Account Balance. The Available Account Balance is the maximum amount available in your account that you may use towards qualified commuter expenses within a period of coverage (calendar month). Your Available Account Balance for a period of coverage will be limited to the lessor of the current remaining balance in your account or the monthly maximum limit allowed per Code $132(f).

Unreimbursed Expenses. You cannot carry forward unreimbursed expenses from one monthly Period of Coverage to another. If your commuter expenses during a monthly Period of Coverage exceed your Available Account Balance, you cannot be reimbursed for the excess expense.

Excess Monthly Balance. If your RFR was for less than your current Available Account Balance, during the Plan Year the unused amount in your Commuter Benefit Account may roll forward to the next monthly Period of Coverage. These funds will be available for future expenses, so long as you continue to participate in the account. You may need to adjust your election for the next monthly Period of Coverage in order to use up your excess account balance and avoid forfeiting funds.

Forfeiture of Funds. Once the time period for submitting an RFR has expired, all unused account balances remaining in your Commuter Benefit Accounts will be forfeited, unless Account Rollover is permitted by your Employer. Forfeited amounts under this plan shall be forfeited to the Employer.

Account Rollover. If permitted by your Employer, a participant's unused funds are rolled forward to the subsequent Plan Year. If your Commuter Benefit Account includes an Account Rollover, it will be indicated on page one of this Summary.

TERMINATION OF PARTICIPATION

Participants are enrolled in the plan for the entire Plan Year or the portion of the Plan Year remaining after enrollment. You will automatically cease to be a Participant on the earliest of the following dates:

a. Your death, resignation or termination of employment with the Employer;
b. The date the plan terminates;

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c. The date you no longer meet the requirements for eligibility in the plan and your Commuter Benefit Account balance falls to zero; or,
d. The date you revoke your election and your Commuter Benefit Account balance falls to zero.

Qualified Commuter Expenses: As a terminated Participant, any qualified commuter expenses incurred during your employment may be eligible to be submitted for reimbursement. Commuter expenses incurred after your date of termination are not eligible. Funds remaining in your account after your Runout Period has ended are forfeited.

Requests for Reimbursement (RFR). When your participation has terminated, you may submit eligible RFRs through your runout period as noted in the *Request for Reimbursement (RFR) Procedure* section of this document (below).

REQUEST FOR REIMBURSEMENT (RFR) PROCEDURE

Transit Account participants are not allowed to submit RFRs as stated in the *Commuter Benefit Accounts* section of this document. Transit Account participants are required to use their TASC Card to purchase transit passes from a qualified merchant where a Voucher (or similar item such as the TASC Card) is readily available. This is for the Transit Account only and not applicable to the Parking Account.

Eligible RFRs may be submitted after you have incurred or paid for a qualified commuter expense that was not paid for with the TASC Card (when the vendor would not accept the TASC Card).

RFRs are processed within a reasonable period of time not to exceed 90 days after receipt You will be notified if your RFR has been denied.

RFRs must be accompanied by itemized bills, invoices, statements or other evidence of payment from an independent third-party showing the amounts of such commuter expenses, together with any additional documentation requested by the Plan Administrator. If the vendor would not accept the TASC Card and the vendor does not provide itemized bills, invoices, statements or other evidence of payment, you may submit an RFR with your certification of the date and service description of the expense that was incurred.

You may submit eligible RFRs through the end of the Plan Runout Period which is detailed on page 1 of this document. RFRs received after your designated Runout Period are not eligible for reimbursement.

REIMBURSEMENT DENIALS

If your RFR from a Commuter Benefit Account is denied in whole or in part, you will be notified in writing within 90 days after the date of your request for reimbursement. Upon receipt of a denial notice, you have 60 days to seek reconsideration of the denial from the Plan Administrator.

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