



**BOARD OF DIRECTORS MEETING**  
**June 24, 2024 – 4pm (after Strategic Planning)**  
**OCEC Monthly Board Meeting**  
**Location: Sun Mountain**

**AGENDA**

**A. PRELIMINARY**

1. Meeting Called to Order
2. Determination of Quorum
3. Approval of Agenda

**B. CONSENT AGENDA**

1. Approval of Consent Agenda
  - a. Minutes from May 20, 2024
  - b. Minutes from Special Board Meeting May 28, 2024
  - c. Revised Minutes from April 29, 2024
  - d. June 2024 New Members
  - e. April 2024 – Balance Sheet, Operating Statement, Cash Flow

**C. GENERAL MANAGERS REPORT**

**D. ITEMS OF BUSINESS**

**For Discussion**

1. N/A

**For Action**

2. Approve 401k Plan Resolution for New Sub Group
3. Approve Grant Standards of Conduct
4. Approve Closing Resolution

**E. OPEN FLOOR FOR MEMBERS**

**F. OPEN FLOOR FOR BOARD MEMBERS**

**G. EXECUTIVE SESSION**

1. Legal, Personnel, Competitive, Other

OCEC Meeting is inviting you to a scheduled Zoom meeting.

Topic: OCEC Board Meeting

Time: Jun 24, 2024 04:00 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us06web.zoom.us/j/83869340524?pwd=ieKa57yuZVX3hEgbr78LundLhpPPoW.1>

Meeting ID: 838 6934 0524

Passcode: 540580

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One tap mobile

+12532050468,,83869340524#,,,,\*540580# US

+12532158782,,83869340524#,,,,\*540580# US (Tacoma)

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Dial by your location

- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 669 444 9171 US
- +1 719 359 4580 US
- +1 720 707 2699 US (Denver)
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 646 558 8656 US (New York)

Meeting ID: 838 6934 0524

Passcode: 540580

Find your local number: <https://us06web.zoom.us/u/krZ2DaVoP>



BOARD MEETING  
May 20, 2024  
Mt Annex Rendezvous Room & Virtual

Present: President Dale Sekijima, Vice President Michael Murray, Secretary/Treasurer Alan Watson, Alaina Burtenshaw, John Rogers, Rick Johnson, and Travis Thornton.

Absent: N/A

Attending: Greg Mendonca General Manager, Tracy McCabe Manager of Finance & Administration, Adam Glenn Manager of Broadband, Deanna Melton Manager of IT, Jamie Stark Engineer

Guests: Ray Ellis, and Peter Mullen

**1. MEETING CALLED TO ORDER**

President Dale Sekijima called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 3:02 pm.

**2. DETERMINATION OF QUORUM**

A quorum was present.

**3. APPROVAL OF AGENDA**

The agenda was approved.

**4. APPROVAL OF CONSENT AGENDA**

The consent agenda was approved.

**5. GENERAL MANAGERS REPORT**

Adam Glenn gave a brief update on Methow Fiber and Methownet activities.

Greg Mendonca updated the board the Sun Mountain and Mazama circuit outages experienced Wednesday May 15<sup>th</sup> and Thursday May 16<sup>th</sup>. Greg then reviewed a quarterly update of the financials highlighting items with large variances. There was discussion from the board regarding the poor financial performance compared to budget for Q1, the drivers, and any updates for remainder of the year forecasts. Staff will be performing a deeper dive on current expenses and revenues, forecasted financials for the remainder of the year, and coming back to the board with any recommendations and/or actions staff will take.

## ITEMS OF BUSINESS

### 1. For Discussion – Lincoln Electric Rate Design Presentaiton

Greg Mendonca introduced Jamie Stark, OCEC’s shared engineer with Lincoln Electric, and Ray Ellis, former GM of OCEC and LEC.

Ray Ellis and Jamie Stark presented on the successful implementation of a three-part rate at LEC. They discussed the drivers for the change, the planned implementation, lessons learned, and suggestions for a potential OCEC implementation. The board held a discussion and asked questions of Ray and Jamie.

### 2. For Action – Policy 30-105 Rate Schedules Update

Greg Mendonca presented the updated policy resulting from the approved 8% rate increase effective March 1, 2024 and recommended approval.

Michael Murray moved to approve the policy, Rick Johnson seconded. A vote was held and the motion passed unanimously.

### 3. For Action – Policy 30-140 Irrigation Service Update

Greg Mendonca presented the updated policy resulting from the approved 8% rate increase effective March 1, 2024 and recommended approval.

Michael Murray moved to approve the policy, Rick Johnson seconded. A vote was held and the motion passed unanimously.

OPEN FLOOR FOR MEMBERS – None

OPEN FLOOR FOR BOARD MEMBERS – None

Meeting adjourned to Executive Session at 5:00 pm.

## EXECUTIVE SESSION

1. Legal, Personnel, Competitive, Other
2. GM Goals Update
3. OCEI Quarterly Report

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Alan Watson, Secretary



SPECIAL BOARD MEETING  
May 28, 2024  
Mt Annex Rendezvous Room & Virtual

Present: President Dale Sekijima, Vice President Michael Murray, Secretary/Treasurer Alan Watson, Alaina Burtenshaw, John Rogers, Rick Johnson, and Travis Thornton.

Absent: N/A

Attending: Greg Mendonca General Manager

Guests: N/A

**1. MEETING CALLED TO ORDER**

President Dale Sekijima called the special meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 3:00 pm.

**2. DETERMINATION OF QUORUM**

A quorum was present.

**3. APPROVAL OF AGENDA**

The agenda was approved.

**ITEMS OF BUSINESS**

None

Meeting adjourned to Executive Session at 3:01 pm.

EXECUTIVE SESSION

1. Winthrop Town Tax Discussion

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Alan Watson, Secretary



BOARD MEETING  
April 29, 2024  
Mt Annex Rendezvous Room & Virtual

Present: President Dale Sekijima, Vice President Michael Murray, Secretary/Treasurer Alan Watson, Alaina Burtenshaw, John Rogers, Rick Johnson, and Travis Thornton.

Absent: N/A

Attending: Greg Mendonca General Manager, Glenn Huber Manager of Operations, Tracy McCabe Manager of Finance & Administration, Jesse Potvin Propane Operations Manager, Adam Glenn Manager of Broadband, and Deanna Melton Manager of IT

Guests: Joel Paisner, Peter Mullen

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**2. DETERMINATION OF QUORUM**

A quorum was present.

**3. APPROVAL OF AGENDA**

The agenda was approved.

**4. ELECTION OF BOARD OFFICERS**

An election of board officers was held. Dale Sekijima was elected President, Michael Murray was elected Vice President, and Alan Watson was elected Secretary/Treasurer.

**5. OCEI ANNUAL MEETING – EXECUTIVE SESSION**

From 307pm to 330pm the OCEI annual meeting was held in executive session.



## 6. APPROVAL OF CONSENT AGENDA

The consent agenda was approved noting there are no March 2024 financials in the board packet of materials. January and February 2024 financials were sent to the board of directors via email.

## 7. GENERAL MANAGERS REPORT

Greg Mendonca discussed the upcoming planned outages at the BPA substation in Winthrop effecting all members connected to the substation.

- Outage #1 – 11:55pm Wednesday May 1<sup>st</sup> until 6:00am Thursday May 2<sup>nd</sup>
- Outage #2 – 10:55pm Wednesday May 15<sup>th</sup> until 6:00am Thursday May 16<sup>th</sup>

The result of the director election from the annual meeting were also announced:

- Alan Watson – 428 votes
- Michael Murray – 426 votes
- Write-in Candidates – 2 votes
- Voided – 83 (as of 4/22/2024)

Greg also discussed the completed integration of NISC and the cooperative is live on all planned systems.

## ITEMS OF BUSINESS

### 1. For Discussion – 2023 Final Audit

Greg Mendonca noted the final audit document is included in the board book of materials.

### 2. For Discussion – Methow Fiber Update

Adam Glenn updated the board on activities happening at the wholesale fiber division of OCEC, Methow Fiber, including:

- Methow Fiber’s RFP documents are on the OCEC website. This includes all maps, guidelines, specifications, and other necessary detail for potential bidders to submit bids into our RFP. Bid responses will be due into OCEC by 2pm on June 6<sup>th</sup>, 2024 and we will open the bids at 2:15pm on June 6<sup>th</sup>, 2024.
- Adam and Jeff Hardy took an educational field trip to Grizzly Broadband in Hamilton, MT. Grizzly Broadband, and their parent company Ravalli Electric Cooperative, hosted Adam and Jeff to show them their construction, methodologies, and to provide education on lessons learned so far.

3. For Action – Methow Fiber and Methownet Governance (Joel Paisner)

Joel Paisner reviewed his memo recommending the governance structure of the new division, Methow Fiber, and wholly-owned single-member LLC, Methownet. The board reviewed the recommendation and approved.

4. For Action – Rate Design Topics of Focus

Greg presented the results from a prioritization vote of the board on rate design topics. Greg also reviewed some background materials specific to residential demand charges and proposed three rate design areas to focus on, 1) rate class subsidization, 2) residential demand charges for G1 and G2 rate classes, and 3) rate class categorization utilizing peak kW rather than annual energy usage.

The board discussed the proposal and staff-presented next steps. The board provided a head-nod to staff to continue to pursue the next steps.

5. For Action – Asset Purchase Agreement Approval (from executive session)

The board unanimously approved the Asset Purchase Agreement between OCEC and ~~Methownet~~ Medicine Wheel Website Design, Inc., a Washington corporation doing business as Methownet, and authorized the General Manager to execute the Asset Purchase Agreement and any ancillary agreements so long as substantially similar to the Asset Purchase Agreement presented, and further authorizes Secretary/Treasurer Alan Watson to execute any necessary agreements and documents as an Officer of OCEC.

OPEN FLOOR FOR MEMBERS – Peter Mullen asked questions about meter communications.

OPEN FLOOR FOR BOARD MEMBERS – None

Meeting adjourned to Executive Session at 5:42 pm.

EXECUTIVE SESSION

1. Legal, Personnel, Competitive, Other
2. Asset Purchase Agreement Approval

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Alan Watson, Secretary



BOARD MEETING  
April 29, 2024  
Mt Annex Rendezvous Room & Virtual

Present: President Dale Sekijima, Vice President Michael Murray, Secretary/Treasurer Alan Watson, Alaina Burtenshaw, John Rogers, Rick Johnson, and Travis Thornton.

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OPEN FLOOR FOR BOARD MEMBERS – None

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EXECUTIVE SESSION

1. Legal, Personnel, Competitive, Other
2. Asset Purchase Agreement Approval

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Alan Watson, Secretary

**New Members OCEC**

June 24, 2024

**REINSTATE**

JORDAN, MARISSA	120228
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**NEW MEMBERS**

KOWALCZYK, SUSAN & LEE, KAY	124020
PARKER, EDROY & ABUAN FLORA	124023
COHEN, LAURA & HARDT, PASCAL	124037
CRACE, ROBERT	124042
SCHMIDT, ADAM & ROG DANICA	124044
LOWELL, NEAL & STEGE, KATHERINE	124076
GOMBERT, PETER	124078
LEE, ROBERT & ERIN	124088
VANDERHOOF, NICK	124089
WOZMIAK, JOSH & SUE	124090
CAKOUROS, BRYAN & LEDUC, SYLVIE	124093
FURMANCZYK, ERILKA, & PAUL	124094
STARRY NIGHT RETREAT LLC	124096
GONZALES, ERIC & MORRIS, LINDSAY	124098

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# General Ledger CFC Form 7

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## BALANCE SHEET FOR APR 2024

	Last Year	This Year	Variance
<b>ASSETS AND OTHER DEBITS</b>			
1. Total Utility Plant in Service	17,527,466.94	18,528,656.10	1,001,189.16
2. Construction Work in Progress	-18,866.09	14,481.68	33,347.77
3. Total Utility Plant (1 + 2)	17,508,600.85	18,543,137.78	1,034,536.93
4. Accum. Provision for Depreciation and Amort.	-6,119,678.75	-6,486,539.80	-366,861.05
5. Net Utility Plant (3 - 4)	11,388,922.10	12,056,597.98	667,675.88
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	1,288,019.94	1,357,943.43	69,923.49
8. Invest. in Assoc. Org. - Patronage Capital	462,870.03	502,274.98	39,404.95
9. Invest. in Assoc. Org. - Other - General Funds	0.00	0.00	0.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	134,855.76	134,308.26	-547.50
11. Invest. in Economic Development Projects	0.00	0.00	0.00
12. Other Investments	13,500.00	13,500.00	0.00
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	1,899,245.73	2,008,026.67	108,780.94
15. Cash - General Funds	877,253.24	452,410.43	-424,842.81
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	209,589.40	104,157.87	-105,431.53
18. Temporary Investments	0.00	0.00	0.00
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	569,736.08	586,824.29	17,088.21
21. Accounts Receivable - Other (Net)	735,533.18	833,255.44	97,722.26
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	501,677.30	613,339.31	111,662.01
24. Prepayments	61,294.17	73,315.11	12,020.94
25. Other Current and Accrued Assets	966.03	966.03	0.00
26. Total Current and Accrued Assets (15 thru 25)	2,956,049.40	2,664,268.48	-291,780.92
27. Deferred Debits	198.58	177,505.07	177,306.49
28. Total Assets and Other Debits (5 + 14 + 26 + 27)	16,244,415.81	16,906,398.20	661,982.39

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# General Ledger CFC Form 7

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## BALANCE SHEET FOR APR 2024

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
<b>LIABILITIES AND OTHER CREDITS</b>			
29. Memberships	17,400.00	17,600.00	200.00
30. Patronage Capital	8,320,818.53	8,266,746.09	-54,072.44
31. Operating Margins - Prior Years	500,591.00	511,744.39	11,153.39
32. Operating Margins - Current Year	166,349.85	-249,277.19	-415,627.04
33. Non-Operating Margins	13,600.00	11,700.00	-1,900.00
34. Other Margins and Equities	1,614,587.64	1,868,797.62	254,209.98
35. Total Margins & Equities (29 thru 34)	10,633,347.02	10,427,310.91	-206,036.11
36. Long-Term Debt - CFC (Net)	0.00	0.00	0.00
37. Long-Term Debt - Other (Net)	4,879,311.75	5,574,626.92	695,315.17
38. Total Long-Term Debt (36 + 37)	4,879,311.75	5,574,626.92	695,315.17
39. Obligations Under Capital Leases	0.00	0.00	0.00
40. Accumulated Operating Provisions	0.00	0.00	0.00
41. Total Other Noncurrent Liabilities (39 + 40)	0.00	0.00	0.00
42. Notes Payable	0.00	0.00	0.00
43. Accounts Payable	376,645.67	354,628.83	-22,016.84
44. Consumers Deposits	173,933.00	174,780.97	847.97
45. Current Maturities Long-Term Debt	0.00	0.00	0.00
46. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
47. Current Maturities Capital Leases	0.00	0.00	0.00
48. Other Current and Accrued Liabilities	181,178.37	375,050.57	193,872.20
49. Total Current & Accrued Liabilities (42 thru 48)	731,757.04	904,460.37	172,703.33
50. Deferred Credits	0.00	0.00	0.00
51. Total Liab. & Other Credits (35+38+41+49+50)	16,244,415.81	16,906,398.20	661,982.39
<b>ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION</b>			
Balance Beginning of Year	-8,148,207.59		
Amounts Received This Year (Net)	-59,974.72		
TOTAL Contributions-In-Aid-Of-Construction	-8,208,182.31		



06/19/2024 9:13:13 am

# General Ledger CFC Form 7

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**PARAMETERS ENTERED:**

**Period:** APR 2024  
**Standard Financial:** CFC Form 7  
**Group By:** All  
**Division:** All  
**Department:** All  
**Format:** Summary  
**Include Departments:** No  
**Round To Whole Dollars:** No  
**Report Basis:** Fiscal Year  
**Budget Revision:** Highest  
**Financial And Statistical Data:** No  
**Compare:** Budget

06/19/2024 9:13:12 am

# General Ledger CFC Form 7

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## INCOME STATEMENT FOR APR 2024

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	2,703,566.72	2,768,881.48	2,833,452.00	531,782.83	510,378.00
2. Power Production Expense	0.00	0.00	0.00	0.00	0.00
3. Cost of Purchased Power	1,360,331.00	1,499,285.00	1,379,046.74	233,766.00	240,566.53
4. Transmission Expense	0.00	0.00	0.00	0.00	0.00
5. Regional Market Operations Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	49,767.58	62,891.41	51,600.00	11,614.33	10,400.00
7. Distribution Expense - Maintenance	262,060.98	356,550.67	260,032.40	73,625.35	66,483.26
8. Customer Accounts Expense	142,619.93	114,045.47	139,901.84	24,421.08	33,651.11
9. Customer Service and Informational Expense	958.30	-817.60	0.00	-749.78	0.00
10. Sales Expense	-8,441.81	351.36	0.00	0.00	0.00
11. Administrative and General Expense	398,796.83	610,207.55	411,816.17	129,565.07	79,782.31
12. Total Operation & Maintenance Expense (2 thru 11)	2,206,092.81	2,642,513.86	2,242,397.15	472,242.05	430,883.21
13. Depreciation & Amortization Expense	152,701.09	175,046.50	156,666.68	44,866.45	39,166.67
14. Tax Expense - Property	15,706.25	14,943.32	16,992.32	3,735.83	4,248.08
15. Tax Expense - Other	86,833.99	98,885.46	63,333.32	12,312.95	15,833.33
16. Interest on Long-Term Debt	85,176.45	110,116.42	85,447.16	34,798.26	21,361.79
17. Interest Charged to Construction - Credit	0.00	-1,419.97	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	0.00	0.00	0.00
19. Other Deductions	0.00	0.00	0.00	0.00	0.00
20. Total Cost of Electric Service (12 thru 19)	2,546,510.59	3,040,085.59	2,564,836.63	567,955.54	511,493.08
21. Patronage Capital & Operating Margins (1 minus 20)	157,056.13	-271,204.11	268,615.37	-36,172.71	-1,115.08
22. Non Operating Margins - Interest	7,998.72	9,853.36	10,425.93	2,192.55	434.59
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	1,295.00	12,073.56	16,800.00	7,207.15	3,900.00
25. Non Operating Margins - Other	13,600.00	11,700.00	0.00	0.00	0.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	179,949.85	-237,577.19	295,841.30	-26,773.01	3,219.51
Operating - Margin	166,349.85	-249,277.19	295,841.30	-26,773.01	3,219.51
Non Operating - Margin	13,600.00	11,700.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	2.84	-1.50			
Times Interest Earned Ratio - Net	3.11	-1.19			
Times Interest Earned Ratio - Modified	3.11	-1.19			

06/19/2024 9:13:12 am

# General Ledger CFC Form 7

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**PARAMETERS ENTERED:**

**Period:** APR 2024  
**Standard Financial:** CFC Form 7  
**Group By:** All  
**Division:** All  
**Department:** All  
**Format:** Summary  
**Include Departments:** No  
**Round To Whole Dollars:** No  
**Report Basis:** Fiscal Year  
**Budget Revision:** Highest  
**Financial And Statistical Data:** No  
**Compare:** Budget

06/19/2024 9:19:25 AM

# General Ledger Cash Flow

Page: 1

## Apr 2024

	<u>This Period</u>	<u>This Year</u>
<b>OPERATING ACTIVITIES</b>		
Patronage Capital or Margins	-26,773.01	-237,577.19
Depreciation and Amortization Expense	44,866.45	175,046.50
Loss from Disposal of Assets	18,994.00	55,832.27
<b>Total Funds from Operations</b>	<u>37,087.44</u>	<u>-6,698.42</u>
Cash Construction Funds - Trustee	0.00	0.00
Special Deposits	-5,482.98	-24,280.12
Temporary Investments	-80,297.55	0.00
Accounts Receivable - Sale of Energy (Net)	143,422.59	276,334.96
Accounts Receivable - Other (Net)	-20,587.80	-895.85
Renewable Energy Credits	0.00	0.00
Materials and Supplies	-13,999.55	-142,560.73
Prepayments	8,146.13	5,176.52
Other Current and Accrued Assets	0.00	0.00
Deferred Debits	0.00	-0.01
<b>(Increase)/Decrease in Operating Assets</b>	<u>31,200.84</u>	<u>113,774.77</u>
Accumulated Operating Provisions	0.00	0.00
Notes Payable	0.00	0.00
Accounts Payable	-193,024.17	-363,854.97
Other Current and Accrued Liabilities	173,631.67	194,296.76
Other Deferred Credits	0.00	-235,652.04
<b>Increase/(Decrease) in Operating Liabilities</b>	<u>-19,392.50</u>	<u>-405,210.25</u>
<b>CASH FROM OPERATING ACTIVITIES</b>	<u>48,895.78</u>	<u>-298,133.90</u>
<b>INVESTMENT ACTIVITIES</b>		
Utility Plant	-11,858.31	-341,979.89
Construction Work-in-Progress	10,965.27	48,238.29
Other Property and Investments	0.00	-3,667.25
Notes Receivable (Net)	0.00	0.00
<b>CASH FROM INVESTMENT ACTIVITIES</b>	<u>-893.04</u>	<u>-297,408.85</u>
<b>FINANCING ACTIVITIES</b>		
Margins and Equities	35.00	70.00
Long-Term Debt	0.00	1,007,584.40
Long-Term Debt - Current Maturities	0.00	-274,913.16
Consumer Deposits	1,997.97	3,997.97
Obligations Under Capital Lease	0.00	0.00
<b>CASH FROM FINANCING ACTIVITIES</b>	<u>2,032.97</u>	<u>736,739.21</u>
<b>CASH FROM ALL ACTIVITIES</b>	50,035.71	141,196.46
<b>TOTAL CASH BEGINNING OF PERIOD</b>	<u>402,374.72</u>	<u>311,213.97</u>
<b>TOTAL CASH END OF PERIOD</b>	<u><u>452,410.43</u></u>	<u><u>452,410.43</u></u>

06/19/2024 9:19:25 AM

# General Ledger Cash Flow

Page: 2

**PARAMETERS ENTERED:**

**Period:** APR 2024

**Division:** All

**Standard Financial:** CFC Form 7



**RESOLUTION  
AUTHORIZING THE AMENDMENT OF THE  
401(k) PENSION PLAN  
Adoption Agreement "A"  
RUS#: 48032-001, 002, 003, and 004**

**WHEREAS**, Okanogan County Electric Cooperative is participating in the 401(k) Pension Plan (the "401(k) Plan"), and;

**WHEREAS**, The Board of Directors of Okanogan County Electric Cooperative ("the Board") now desires to amend these plans pursuant to Section 18.2 of the 401(k) Plan pension documents, and does hereby authorize the amendment effective August 1, 2024, by executing the appropriate Adoption Agreements;

**BE IT RESOLVED**, that effective August 1, 2024, a new subgroup and 401(k) Plan is created under 48032-004 for Employees of Methow Fiber. The 401(k) Plan for subgroup 48032-004 will mirror the provisions of 48032-001 in effect on July 31, 2024, subject to the following amendments.

**BE IT FURTHER RESOLVED**, that the amendments to the 401(k) Plans are as follows:

48032-001, 48032-002, and 48032-003 401(k) Plan

The Okanogan County Electric Cooperative shall amend the plan to exclude an additional classification of Employees from participating in the Plan: Employees of Methow Fiber

48032-004 401(k) Plan

The eligible and excluded classifications of Employees shall be amended to reflect the following:

- Eligible Employees are Employees of Methow Fiber
- Ineligible Employees are:
  - All other Employees of Okanogan County Electric Cooperative
  - Employees of Okanogan County Energy, Inc.

**BE IT FURTHER RESOLVED**, that the Board recognizes that certain nondiscrimination tests will be required to be performed with respect to this plan amendment. The Board further recognizes that any corrective action necessitated as a result of annual nondiscrimination testing would likely entail additional contributions for which the Co-op agrees to retain liability.

**BE IT FURTHER RESOLVED**, that the Board does hereby authorize and direct the General Manager to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

**CERTIFICATE OF SECRETARY**

I, Alan Watson, certify that I am Secretary of the Okanogan County Electric Cooperative Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Okanogan County Electric Cooperative, held on the 24<sup>th</sup> day of June 2024 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of Okanogan County Electric Cooperative this 24th day of June 2024.

**(Seal)**

\_\_\_\_\_  
**(Signature of Secretary)**

**National Rural Electric Cooperative Association**  
**Adoption Agreement "A"**  
**401(k) Pension Plan**  
*For Use Only by Rural Electric Cooperatives*

OKANOGAN COUNTY ELEC CO-OP (hereinafter referred to as the Participating System) hereby adopts for its Employees the 401(k) Pension Plan (Plan) and the Trust under which it is administered, sponsored by the National Rural Electric Cooperative Association (NRECA), effective the first day of July, 1979, and amended effective the first day of August, 2024. The Participating System is bound by all terms and conditions included herein, which are construed in accordance with the Plan and any amendments thereto. The Participating System adopts the following elective Plan provisions:

**1. Eligibility Requirements**

**A. Employer Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.
- e.  No Employer Contributions.

**B. Employee Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes X one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service, and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.

**For purposes of Sections A. and B.,** an Employee completes the Full Month of Employment requirement when he or she works 84 hours in each month during a one, three or six full calendar month(s) period, as elected, **which do not need to be consecutive.** An Employee completes a Year of Eligibility Service when he or she works 1,000 hours for a Participating System or a related Employer (as defined in Paragraph 5.4 of the Plan) during the first 12 months of employment (or subsequent Calendar Year).

For purposes of Section B., a Long-term Part-time Employee (as defined under the SECURE Act of 2019) who works 500 or more (but less than 1,000) hours for a Participating System in each of three consecutive years that begin on or after January 1, 2021, becomes a Participant in the Plan on the first of the year coincident with or next following the date on which the Employee completes such years of service. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.



An Employee who was a Participant in the Plan upon termination of employment shall become a Participant on the date of his or her reemployment with the same or another Participating System adopting the Plan if the employee meets the Eligibility Requirements and is part of an Eligible Class of Employees as defined by the same or subsequent Participating System's Plan Adoption Agreement.

## 2. Eligible Class of Employees

The provisions of the Plan and the Adoption Agreement are applicable to the following class of Employees of the Participating System (only **one** applies):

- a.  All Employees of the Participating System.
- b.  Employees of the Participating System covered by an agreement which is the subject of good faith bargaining between the Participating System and \_\_\_\_\_ Union which makes the Plan and any amendments thereto available to such Employees.
- c.  Employees of the Participating System not covered by a collective bargaining agreement.
- d.  Other: \_\_\_\_\_

An Employee who transfers from the class of Employees specified above to another class of Employees within the Participating System shall, as of the date of transfer, become subject to the provisions of the Adoption Agreement applicable to such other class.

## 3. Excluded Class of Employees

Employees of the Participating System described in the following classification(s) shall **not** be eligible to participate in the Plan (**one or more** options may apply):

- a.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- b.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service and attained age 21 (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- c.  Other job classifications. The excluded classifications must be clearly defined and should not be based on age or length of service.
  - OCEI Employees
  - Employees of Methow Fiber
- d.  Highly Compensated Employees are excluded from receiving the following contributions (**one or both** options may apply):
  - i.  Employer Base contributions
  - ii.  Employer Matching contributions

For purposes of 3.a. and 3.b. (pursuant to the SECURE Act of 2019), Long-term Part-time Employees who work 500 hours in three consecutive years but who are otherwise excluded from participation may become eligible to make Employee contributions pursuant to Section 1.B. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.

## 4. Years of Eligibility Service Relating to a Merger, Consolidation or Acquisition

If Paragraph 5.4(e) of the Plan **applies**, an Employee

- a.  Shall
- b.  Shall **Not**

receive credit for any period the Employee is employed by any entity merged, consolidated or liquidated into a System or any entity, substantially all of the assets of which have been acquired by a System, or which is otherwise considered a predecessor employer under Section 414(a) of the Internal Revenue Code of 1986 (the Code).

## 5. Normal Retirement Date

Normal Retirement Date under the Plan shall be (only **one** applies):

- a.  Age 65: The first day of the month coincident with or next following a Participant's attainment of age 65.
- b.  Age 62: The first day of the month coincident with or next following a Participant's attainment of age 62.
- c.  Age 60: The first day of the month coincident with or next following a Participant's attainment of age 60.
- d.  30-Year: The first day of the month coincident with or next following the earlier of Participant's attainment of age 62 or the completion of 30 years of service. In conjunction with this option, contributions will be discontinued on (only **one** applies):
  - i.  All Employer and all Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - ii.  All Employer and all Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - iii.  All Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - iv.  All Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - v.  All Employer Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan. Under this option, all Employee Contributions may continue until the first day of the month in which a Participant's actual retirement date occurs.

**For purposes of Section 5**, Employer and Employee Contributions for a Participant who postpones retirement beyond his or her Normal Retirement Date shall not be discontinued because of attainment of any age.

## 6. Compensation

The Compensation on which Employer Contributions and Employee Contributions to this Plan are based shall be the Participant's **Full Salary** or **Base Salary** as limited under Paragraph 2.8 of the Plan.

Under both Full and Base Salary, only amounts that are actually paid to the Participant during periods while eligible to participate within the Calendar Year shall be taken into account.

A. Employer Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Employer Contributions

B. Employee Elective Contributions and/or Roth Elective Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary

C. After-tax Voluntary Employee Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Voluntary Employee Contributions

7. **Contributions (one or more options may apply):**

A. Safe Harbor Provision

The Participating System has adopted the Safe Harbor provision (only **one** matching formula applies):

- a.  Employer Base Contribution Formula: \_\_\_\_% (at least 3%).
- b.  Basic Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100% of Employee Elective Contributions of 0% to 3% of the Participant's Compensation; **and**
  - ii. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 50% of Employee Elective Contributions in excess of 3% and no greater than 5% of the Participant's Compensation.
- c.  Enhanced Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_% of Employee Elective Contributions from 0% to \_\_\_\_% (cannot exceed 6%) of the Participant's Compensation; **and** if applicable
  - ii. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_% of Employee Elective Contributions from \_\_\_\_% to \_\_\_\_% (cannot exceed 6% total for i and ii) of the Participant's Compensation.

B. Employer Base Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to 12% of the Participant's Compensation.
- b.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to \_\_\_\_% of the Participant's Compensation. A Participant shall be required to contribute an Employee Elective Contribution equal to \_\_\_\_% of his or her Compensation in order to receive the Employer Base Contribution.

C. Employer Matching Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100 % (up to 500%) of Employee Elective Contributions from 0 % to 3 % of the Participant's Compensation.
- b.  In addition to the Employer Contribution(s) specified in B.b. and C.a., the Participating System shall further contribute to each Participant's account an Employer Contribution equal to \_\_\_\_\_ % (up to 500%) of Employee Elective Contributions from \_\_\_\_\_ % to \_\_\_\_\_ % of the Participant's Compensation **above** the Employee Elective Contributions in B.b. and C.a.
- c.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_\_ % (up to 500%) of Employee Elective Contributions from \_\_\_\_\_ % to \_\_\_\_\_ % of the Participant's Compensation, in an amount:
  - i.  not more than \$ \_\_\_\_\_
  - ii.  not less than \$ \_\_\_\_\_

D.  Other – See Addendum

E.  Enhanced Employer Contribution

The Participating System shall contribute to each participant's account an Employer Contribution equal to a percentage of Employee Elective Contributions up to \_\_\_\_\_ of the Participant's Compensation. The Contribution is \_\_\_\_\_

F.  There shall be **no** Employer Base Contribution or Employer Matching Contribution.

G. Voluntary Employee Contributions (only **one** applies):

- a.  A Participant may elect to make after-tax Voluntary Employee Contributions (VEC) to his or her account, subject to the limitations and conditions provided in Sections 6 and 8 of the Plan. A Participant's VECs are not eligible for any Employer Base or Employer Matching Contributions specified above.
- b.  There shall be no VEC.

**8. Participant Loans (only one applies)**

- a.  Participant loans are allowed, subject to the terms and conditions of the loan provisions in Section 15 of the Plan. A Participant may have a maximum of  one,  two,  three,  four loans.
- b.  The Participating System elects **not** to allow Participant loans.

**9. In-Service Withdrawals**

- a.  In-service Withdrawals following Normal Retirement Date (NRD) and age 59½: Withdrawals upon attainment of the later of age 59½ or a Participant's NRD (as defined in Paragraph 13.1 of the Plan) shall be available to a Participant prior to retirement or other termination of employment.
- b.  In-service Withdrawals upon Financial Hardship of the Participant: Withdrawal upon financial hardship (as defined in Paragraph 14.17 of the Plan) shall be available to a Participant prior to actual retirement or other termination of employment.
- c.  There shall be **no** In-service Withdrawals.

**10. Contributions During Short-term Disability**

A Participant who is receiving Compensation from a Participating System and making any Required Employee Contributions shall receive Employer Contributions (as provided in Paragraph 6.8 of the Plan) for the period elected by the Participating System only from the onset of the disability period. Notwithstanding this, a Participant who is receiving

Compensation from a Participating System may continue to make Employee Elective Contributions and Required Employee Contributions until the Participant begins to receive payments due to disability. The number of weeks in this election must not be greater than the Participating System's Long-term Disability elimination period (only **one** applies):

- a.  For 13 weeks
- b.  For 26 weeks
- c.  For \_\_\_ weeks (from 1 to 25)
- d.  No Employer Contributions

## 11. Investment of Contributions

The Participant shall designate the Investment Fund or Funds in which Employee Contributions and Employer Contributions allocated to the Participant shall be invested. Employee Contributions and Employer Contributions, if any, shall be invested in the same Investment Fund or Funds and in the same proportions. Participants shall be permitted to invest the contributions on a daily basis only by telephone or internet notice to the I&FS Committee or its authorized agent in accordance with procedures established by the I&FS Committee. The Investment Funds are described in the Participant Fees Annual Disclosure Notice provided to Participants upon enrollment and once a year thereafter.

### SELF-DIRECTED BROKERAGE ACCOUNT

The Self-Directed Brokerage Account is an additional investment option in the Plan, specifically acting as a discount brokerage account within the Plan. All investments are made upon the direction of the Participant at the Participant's risk. Securities purchased through the Self-Directed Brokerage Account, including mutual funds, are not bank deposits and are not insured by the FDIC or guaranteed by the Self-Directed Brokerage Account Trustee. Upon adopting the Self-Directed Brokerage Account, a Participant must be permitted to invest contributions on a daily basis by telephone or internet notice to the I&FS Committee or its authorized agent in accordance with procedures established by the I&FS Committee.

## 12. Non-Discrimination Testing Elections

### A. Top Paid Group

Highly Compensated Employees are defined in Paragraph 2.14 of the Plan. If the Participating System has multiple Highly Compensated Employees, the Participating System may limit the number of employees considered to be Highly Compensated Employees to those employees in the top paid group. This group consists of the top 20% of the Participating System's and its Affiliate's Employees, when ranked on the basis of compensation for the preceding Calendar Year.

Elect Top Paid Group

### B. Prior/Current Year Election

Code sections 401(k) and 401(m) plan testing may be performed using either prior year or current year data. A prior year election may be changed to a current year election for any Calendar Year. However, once elected, a current year election must remain in effect for five Calendar Years (except under certain circumstances). Only **one** applies.

- a.  Prior Year
- b.  Current Year

## 13. Top-Heavy Adjustment

If the Participating System's Plan is determined to be top-heavy due to the required aggregation of multiple plans, Section 416 of the Code and Section 22 of the Plan will apply.

#### **14. Limitations on Annual Additions**

If the Participating System maintains one or more qualified defined contribution plans in addition to this Plan, Annual Additions that may be credited to any Participant's account under this Plan for any Limitation Year shall be limited in accordance with Section 11 of the Plan.

#### **15. Hold Harmless, Limitation on Liability, and Indemnification Obligation**

This section applies to all Participating Systems in the Plan, including those Systems that participated in another Internal Revenue Code (Code) Section 401(a) qualified plan (the Prior Plan) and assets and liabilities of the Prior Plan are transferred to the Plan pursuant to the merger of the Prior Plan into the Plan.

Upon the effective date of the merger or renewal, the Participating System agrees to: (1) comply with all federal and state laws applicable to the Plan, including but not limited to the Employee Retirement Income Security Act of 1974 (ERISA) and the Code, as determined by NRECA in its sole discretion; and (2) indemnify, defend, and hold NRECA and its affiliates, and their officers, directors, and employees, the Plan, and fiduciaries of the Plan, including but not limited to the I&FS Committee (each, an "Indemnitee" and collectively, the "Indemnites") harmless from and against any and all judgments, demands, liabilities, fines, penalties, losses, claims, damages or expenses, (collectively "Claims") including all attorneys' fees, costs and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee by reason of any Claim arising out of or relating to any act, error, or omission or misconduct of the Participating System, its officers, directors, agents, employees, or contractors, during the performance of this Adoption Agreement, including without limitation, Claims arising out of or relating to: (a) correcting any disqualifying defect or practice; (b) violations of the Code prior to a merger as a separate plan, as a result of the merger into the Plan, and following the merger as a Participating System; (c) violations of ERISA; (d) a violation of applicable federal, state, local, or other laws applicable to the Participating System in the jurisdiction (or jurisdictions) in which the System is situated or headquartered; or (e) breaches of any obligations under this Adoption Agreement. The Participating System shall be financially responsible for any funding requirement, Plan qualification defect, benefit deficiency, benefit cost, or related charges relating to the Plan, including making any employer contributions necessary to ensure satisfaction of the funding requirements of ERISA, the Code, and the Plan.

To the extent not prohibited by applicable law, including but not limited to ERISA, and notwithstanding any provision of this Adoption Agreement or the Plan document applicable thereto, in no event shall Indemnites be liable for any indirect, incidental, consequential, special, punitive, exemplary, or enhanced damages of any kind or nature whatsoever (including loss of profit, goodwill, reputation, business opportunity or anticipated savings, or losses arising from any special circumstance of the Plan or any other person) arising under the terms of the Plan or Adoption Agreement or under law or otherwise in connection with, or in any way related to, this Adoption Agreement or the subject matter hereof (including the provision of the services, and the performance, non-performance, or breach of any obligation or duty) whether or not Indemnites have been advised of, or otherwise might or should have anticipated the possibility or likelihood of such damages.

This Hold Harmless, Limitation on Liability, and Indemnification section shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan. This Agreement shall inure to the benefit of the Indemnites and their respective assignees. This Adoption Agreement incorporates any Merger Agreement or other arrangement between the Plan and the Participating System.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and the federal laws of the United States of America. The parties hereby consent and submit to the jurisdiction and forum of the federal courts in the Commonwealth of Virginia in all questions and controversies arising out of this Agreement. This Section shall supersede prior versions of the Adoption Agreement and shall survive the expiration or termination of this Adoption Agreement.

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**16. Signatures**

**IN WITNESS WHEREOF**, the Participating System, by its duly authorized officers, has caused this Agreement to be executed as of the date below.

OKANOGAN COUNTY ELEC CO-OP  
(Name of Participating System)

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title of Officer)

Date: \_\_\_\_\_

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_



**National Rural Electric Cooperative Association**  
**Adoption Agreement “A”**  
**401(k) Pension Plan**  
*For Use Only by Rural Electric Cooperatives*

OKANOGAN COUNTY ENERGY, INC (hereinafter referred to as the Participating System) hereby adopts for its Employees the 401(k) Pension Plan (Plan) and the Trust under which it is administered, sponsored by the National Rural Electric Cooperative Association (NRECA), effective the first day of July, 1979, and amended effective the first day of August, 2024. The Participating System is bound by all terms and conditions included herein, which are construed in accordance with the Plan and any amendments thereto. The Participating System adopts the following elective Plan provisions:

**1. Eligibility Requirements**

**A. Employer Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.
- e.  No Employer Contributions.

**B. Employee Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes X one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service, and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.

**For purposes of Sections A. and B.,** an Employee completes the Full Month of Employment requirement when he or she works 84 hours in each month during a one, three or six full calendar month(s) period, as elected, **which do not need to be consecutive.** An Employee completes a Year of Eligibility Service when he or she works 1,000 hours for a Participating System or a related Employer (as defined in Paragraph 5.4 of the Plan) during the first 12 months of employment (or subsequent Calendar Year).

For purposes of Section B., a Long-term Part-time Employee (as defined under the SECURE Act of 2019) who works 500 or more (but less than 1,000) hours for a Participating System in each of three consecutive years that begin on or after January 1, 2021, becomes a Participant in the Plan on the first of the year coincident with or next following the date on

which the Employee completes such years of service. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.

An Employee who was a Participant in the Plan upon termination of employment shall become a Participant on the date of his or her reemployment with the same or another Participating System adopting the Plan if the employee meets the Eligibility Requirements and is part of an Eligible Class of Employees as defined by the same or subsequent Participating System's Plan Adoption Agreement.

## 2. Eligible Class of Employees

The provisions of the Plan and the Adoption Agreement are applicable to the following class of Employees of the Participating System (only **one** applies):

- a.  All Employees of the Participating System.
- b.  Employees of the Participating System covered by an agreement which is the subject of good faith bargaining between the Participating System and \_\_\_\_\_ Union which makes the Plan and any amendments thereto available to such Employees.
- c.  Employees of the Participating System not covered by a collective bargaining agreement.
- d.  Other:
  - OCEI Propane Employees

An Employee who transfers from the class of Employees specified above to another class of Employees within the Participating System shall, as of the date of transfer, become subject to the provisions of the Adoption Agreement applicable to such other class.

## 3. Excluded Class of Employees

Employees of the Participating System described in the following classification(s) shall **not** be eligible to participate in the Plan (**one or more** options may apply):

- a.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- b.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service and attained age 21 (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- c.  Other job classifications. The excluded classifications must be clearly defined and should not be based on age or length of service.
  - Employees of Okanogan County Electric Cooperative
  - Employees of Methow Fiber
- d.  Highly Compensated Employees are excluded from receiving the following contributions (**one or both** options may apply):
  - i.  Employer Base contributions
  - ii.  Employer Matching contributions

For purposes of 3.a. and 3.b. (pursuant to the SECURE Act of 2019), Long-term Part-time Employees who work 500 hours in three consecutive years but who are otherwise excluded from participation may become eligible to make Employee contributions pursuant to Section 1.B. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.

## 4. Years of Eligibility Service Relating to a Merger, Consolidation or Acquisition

If Paragraph 5.4(e) of the Plan **applies**, an Employee

- a.  Shall
- b.  Shall **Not**

receive credit for any period the Employee is employed by any entity merged, consolidated or liquidated into a System or any entity, substantially all of the assets of which have been acquired by a System, or which is otherwise considered a predecessor employer under Section 414(a) of the Internal Revenue Code of 1986 (the Code).

## 5. Normal Retirement Date

Normal Retirement Date under the Plan shall be (only **one** applies):

- a.  Age 65: The first day of the month coincident with or next following a Participant's attainment of age 65.
- b.  Age 62: The first day of the month coincident with or next following a Participant's attainment of age 62.
- c.  Age 60: The first day of the month coincident with or next following a Participant's attainment of age 60.
- d.  30-Year: The first day of the month coincident with or next following the earlier of Participant's attainment of age 62 or the completion of 30 years of service. In conjunction with this option, contributions will be discontinued on (only **one** applies):
  - i.  All Employer and all Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - ii.  All Employer and all Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - iii.  All Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - iv.  All Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - v.  All Employer Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan. Under this option, all Employee Contributions may continue until the first day of the month in which a Participant's actual retirement date occurs.

**For purposes of Section 5**, Employer and Employee Contributions for a Participant who postpones retirement beyond his or her Normal Retirement Date shall not be discontinued because of attainment of any age.

## 6. Compensation

The Compensation on which Employer Contributions and Employee Contributions to this Plan are based shall be the Participant's **Full Salary** or **Base Salary** as limited under Paragraph 2.8 of the Plan.

Under both Full and Base Salary, only amounts that are actually paid to the Participant during periods while eligible to participate within the Calendar Year shall be taken into account.

A. Employer Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Employer Contributions

B. Employee Elective Contributions and/or Roth Elective Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary

C. After-tax Voluntary Employee Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Voluntary Employee Contributions

7. **Contributions (one or more options may apply):**

A. Safe Harbor Provision

The Participating System has adopted the Safe Harbor provision (only **one** matching formula applies):

- a.  Employer Base Contribution Formula: \_\_\_\_% (at least 3%).
- b.  Basic Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100% of Employee Elective Contributions of 0% to 3% of the Participant's Compensation; **and**
  - ii. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 50% of Employee Elective Contributions in excess of 3% and no greater than 5% of the Participant's Compensation.
- c.  Enhanced Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_% of Employee Elective Contributions from 0% to \_\_\_\_% (cannot exceed 6%) of the Participant's Compensation; **and** if applicable
  - ii. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_% of Employee Elective Contributions from \_\_\_\_% to \_\_\_\_% (cannot exceed 6% total for i and ii) of the Participant's Compensation.

B. Employer Base Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to 12% of the Participant's Compensation.
- b.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to \_\_\_\_% of the Participant's Compensation. A Participant shall be required to contribute an Employee Elective Contribution equal to \_\_\_\_% of his or her Compensation in order to receive the Employer Base Contribution.

C. Employer Matching Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100% (up to 500%) of Employee Elective Contributions from 0% to 3% of the Participant's Compensation.
- b.  In addition to the Employer Contribution(s) specified in B.b. and C.a., the Participating System shall further contribute to each Participant's account an Employer Contribution equal to \_\_\_\_\_% (up to 500%) of Employee Elective Contributions from \_\_\_\_\_% to \_\_\_\_\_% of the Participant's Compensation **above** the Employee Elective Contributions in B.b. and C.a.
- c.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_\_% (up to 500%) of Employee Elective Contributions from \_\_\_\_\_% to \_\_\_\_\_% of the Participant's Compensation, in an amount:
  - i.  not more than \$ \_\_\_\_\_
  - ii.  not less than \$ \_\_\_\_\_

D.  Other – See Addendum

E.  Enhanced Employer Contribution

The Participating System shall contribute to each participant's account an Employer Contribution equal to a percentage of Employee Elective Contributions up to \_\_\_ of the Participant's Compensation. The Contribution is \_\_\_\_\_

F.  There shall be **no** Employer Base Contribution or Employer Matching Contribution.

G. Voluntary Employee Contributions (only **one** applies):

- a.  A Participant may elect to make after-tax Voluntary Employee Contributions (VEC) to his or her account, subject to the limitations and conditions provided in Sections 6 and 8 of the Plan. A Participant's VECs are not eligible for any Employer Base or Employer Matching Contributions specified above.
- b.  There shall be no VEC.

**8. Participant Loans (only one applies)**

- a.  Participant loans are allowed, subject to the terms and conditions of the loan provisions in Section 15 of the Plan. A Participant may have a maximum of  one,  two,  three,  four loans.
- b.  The Participating System elects **not** to allow Participant loans.

**9. In-Service Withdrawals**

- a.  In-service Withdrawals following Normal Retirement Date (NRD) and age 59½: Withdrawals upon attainment of the later of age 59½ or a Participant's NRD (as defined in Paragraph 13.1 of the Plan) shall be available to a Participant prior to retirement or other termination of employment.
- b.  In-service Withdrawals upon Financial Hardship of the Participant: Withdrawal upon financial hardship (as defined in Paragraph 14.17 of the Plan) shall be available to a Participant prior to actual retirement or other termination of employment.
- c.  There shall be **no** In-service Withdrawals.

**10. Contributions During Short-term Disability**

A Participant who is receiving Compensation from a Participating System and making any Required Employee Contributions shall receive Employer Contributions (as provided in Paragraph 6.8 of the Plan) for the period elected by the Participating System only from the onset of the disability period. Notwithstanding this, a Participant who is receiving

Compensation from a Participating System may continue to make Employee Elective Contributions and Required Employee Contributions until the Participant begins to receive payments due to disability. The number of weeks in this election must not be greater than the Participating System's Long-term Disability elimination period (only **one** applies):

- a.  For 13 weeks
- b.  For 26 weeks
- c.  For \_\_\_ weeks (from 1 to 25)
- d.  No Employer Contributions

## 11. Investment of Contributions

The Participant shall designate the Investment Fund or Funds in which Employee Contributions and Employer Contributions allocated to the Participant shall be invested. Employee Contributions and Employer Contributions, if any, shall be invested in the same Investment Fund or Funds and in the same proportions. Participants shall be permitted to invest the contributions on a daily basis only by telephone or internet notice to the I&FS Committee or its authorized agent in accordance with procedures established by the I&FS Committee. The Investment Funds are described in the Participant Fees Annual Disclosure Notice provided to Participants upon enrollment and once a year thereafter.

### SELF-DIRECTED BROKERAGE ACCOUNT

The Self-Directed Brokerage Account is an additional investment option in the Plan, specifically acting as a discount brokerage account within the Plan. All investments are made upon the direction of the Participant at the Participant's risk. Securities purchased through the Self-Directed Brokerage Account, including mutual funds, are not bank deposits and are not insured by the FDIC or guaranteed by the Self-Directed Brokerage Account Trustee. Upon adopting the Self-Directed Brokerage Account, a Participant must be permitted to invest contributions on a daily basis by telephone or internet notice to the I&FS Committee or its authorized agent in accordance with procedures established by the I&FS Committee.

## 12. Non-Discrimination Testing Elections

### A. Top Paid Group

Highly Compensated Employees are defined in Paragraph 2.14 of the Plan. If the Participating System has multiple Highly Compensated Employees, the Participating System may limit the number of employees considered to be Highly Compensated Employees to those employees in the top paid group. This group consists of the top 20% of the Participating System's and its Affiliate's Employees, when ranked on the basis of compensation for the preceding Calendar Year.

Elect Top Paid Group

### B. Prior/Current Year Election

Code sections 401(k) and 401(m) plan testing may be performed using either prior year or current year data. A prior year election may be changed to a current year election for any Calendar Year. However, once elected, a current year election must remain in effect for five Calendar Years (except under certain circumstances). Only **one** applies.

- a.  Prior Year
- b.  Current Year

## 13. Top-Heavy Adjustment

If the Participating System's Plan is determined to be top-heavy due to the required aggregation of multiple plans, Section 416 of the Code and Section 22 of the Plan will apply.

#### **14. Limitations on Annual Additions**

If the Participating System maintains one or more qualified defined contribution plans in addition to this Plan, Annual Additions that may be credited to any Participant's account under this Plan for any Limitation Year shall be limited in accordance with Section 11 of the Plan.

#### **15. Hold Harmless, Limitation on Liability, and Indemnification Obligation**

This section applies to all Participating Systems in the Plan, including those Systems that participated in another Internal Revenue Code (Code) Section 401(a) qualified plan (the Prior Plan) and assets and liabilities of the Prior Plan are transferred to the Plan pursuant to the merger of the Prior Plan into the Plan.

Upon the effective date of the merger or renewal, the Participating System agrees to: (1) comply with all federal and state laws applicable to the Plan, including but not limited to the Employee Retirement Income Security Act of 1974 (ERISA) and the Code, as determined by NRECA in its sole discretion; and (2) indemnify, defend, and hold NRECA and its affiliates, and their officers, directors, and employees, the Plan, and fiduciaries of the Plan, including but not limited to the I&FS Committee (each, an "Indemnitee" and collectively, the "Indemnites") harmless from and against any and all judgments, demands, liabilities, fines, penalties, losses, claims, damages or expenses, (collectively "Claims") including all attorneys' fees, costs and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee by reason of any Claim arising out of or relating to any act, error, or omission or misconduct of the Participating System, its officers, directors, agents, employees, or contractors, during the performance of this Adoption Agreement, including without limitation, Claims arising out of or relating to: (a) correcting any disqualifying defect or practice; (b) violations of the Code prior to a merger as a separate plan, as a result of the merger into the Plan, and following the merger as a Participating System; (c) violations of ERISA; (d) a violation of applicable federal, state, local, or other laws applicable to the Participating System in the jurisdiction (or jurisdictions) in which the System is situated or headquartered; or (e) breaches of any obligations under this Adoption Agreement. The Participating System shall be financially responsible for any funding requirement, Plan qualification defect, benefit deficiency, benefit cost, or related charges relating to the Plan, including making any employer contributions necessary to ensure satisfaction of the funding requirements of ERISA, the Code, and the Plan.

To the extent not prohibited by applicable law, including but not limited to ERISA, and notwithstanding any provision of this Adoption Agreement or the Plan document applicable thereto, in no event shall Indemnites be liable for any indirect, incidental, consequential, special, punitive, exemplary, or enhanced damages of any kind or nature whatsoever (including loss of profit, goodwill, reputation, business opportunity or anticipated savings, or losses arising from any special circumstance of the Plan or any other person) arising under the terms of the Plan or Adoption Agreement or under law or otherwise in connection with, or in any way related to, this Adoption Agreement or the subject matter hereof (including the provision of the services, and the performance, non-performance, or breach of any obligation or duty) whether or not Indemnites have been advised of, or otherwise might or should have anticipated the possibility or likelihood of such damages.

This Hold Harmless, Limitation on Liability, and Indemnification section shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan. This Agreement shall inure to the benefit of the Indemnites and their respective assignees. This Adoption Agreement incorporates any Merger Agreement or other arrangement between the Plan and the Participating System.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and the federal laws of the United States of America. The parties hereby consent and submit to the jurisdiction and forum of the federal courts in the Commonwealth of Virginia in all questions and controversies arising out of this Agreement. This Section shall supersede prior versions of the Adoption Agreement and shall survive the expiration or termination of this Adoption Agreement.

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**16. Signatures**

**IN WITNESS WHEREOF**, the Participating System, by its duly authorized officers, has caused this Agreement to be executed as of the date below.

OKANOGAN COUNTY ENERGY, INC  
(Name of Participating System)

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title of Officer)

Date: \_\_\_\_\_

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**National Rural Electric Cooperative Association**  
**Adoption Agreement "A"**  
**401(k) Pension Plan**  
*For Use Only by Rural Electric Cooperatives*

Methow Fiber (hereinafter referred to as the Participating System) hereby adopts for its Employees the 401(k) Pension Plan (Plan) and the Trust under which it is administered, sponsored by the National Rural Electric Cooperative Association (NRECA), effective the first day of July, 1979, and amended effective the first day of August, 2024. The Participating System is bound by all terms and conditions included herein, which are construed in accordance with the Plan and any amendments thereto. The Participating System adopts the following elective Plan provisions:

**1. Eligibility Requirements**

**A. Employer Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.
- e.  No Employer Contributions.

**B. Employee Contributions**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only **one** applies):

- a.  The date on which the Employee completes X one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b.  The date on which the Employee completes a Year of Eligibility Service.
- c.  The date on which the Employee completes \_\_\_ one/ \_\_\_ three / \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service, and attains age 21.
- d.  The date on which the Employee completes a Year of Eligibility Service and attains age 21.

**For purposes of Sections A. and B.,** an Employee completes the Full Month of Employment requirement when he or she works 84 hours in each month during a one, three or six full calendar month(s) period, as elected, **which do not need to be consecutive.** An Employee completes a Year of Eligibility Service when he or she works 1,000 hours for a Participating System or a related Employer (as defined in Paragraph 5.4 of the Plan) during the first 12 months of employment (or subsequent Calendar Year).

For purposes of Section B., a Long-term Part-time Employee (as defined under the SECURE Act of 2019) who works 500 or more (but less than 1,000) hours for a Participating System in each of three consecutive years that begin on or after January 1, 2021, becomes a Participant in the Plan on the first of the year coincident with or next following the date on which the Employee completes such years of service. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.

An Employee who was a Participant in the Plan upon termination of employment shall become a Participant on the date of his or her reemployment with the same or another Participating System adopting the Plan if the employee meets the Eligibility Requirements and is part of an Eligible Class of Employees as defined by the same or subsequent Participating System's Plan Adoption Agreement.

## 2. Eligible Class of Employees

The provisions of the Plan and the Adoption Agreement are applicable to the following class of Employees of the Participating System (only **one** applies):

- a.  All Employees of the Participating System.
- b.  Employees of the Participating System covered by an agreement which is the subject of good faith bargaining between the Participating System and \_\_\_\_\_ Union which makes the Plan and any amendments thereto available to such Employees.
- c.  Employees of the Participating System not covered by a collective bargaining agreement.
- d.  Other: \_\_\_\_\_

An Employee who transfers from the class of Employees specified above to another class of Employees within the Participating System shall, as of the date of transfer, become subject to the provisions of the Adoption Agreement applicable to such other class.

## 3. Excluded Class of Employees

Employees of the Participating System described in the following classification(s) shall **not** be eligible to participate in the Plan (**one or more** options may apply):

- a.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- b.  Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service and attained age 21 (permitted only if option a. or c. under Section 1.A. or 1.B. is elected).
- c.  Other job classifications. The excluded classifications must be clearly defined and should not be based on age or length of service.
  - OCEI Employees
  - All other Employees of Okanogan County Energy, Inc.
- d.  Highly Compensated Employees are excluded from receiving the following contributions (**one or both** options may apply):
  - i.  Employer Base contributions
  - ii.  Employer Matching contributions

For purposes of 3.a. and 3.b. (pursuant to the SECURE Act of 2019), Long-term Part-time Employees who work 500 hours in three consecutive years but who are otherwise excluded from participation may become eligible to make Employee contributions pursuant to Section 1.B. Long-term Part-time Employees who become eligible to participate under this provision are not eligible for Employer Contributions.

## 4. Years of Eligibility Service Relating to a Merger, Consolidation or Acquisition

If Paragraph 5.4(e) of the Plan **applies**, an Employee

- a.  Shall
- b.  Shall **Not**

receive credit for any period the Employee is employed by any entity merged, consolidated or liquidated into a System or any entity, substantially all of the assets of which have been acquired by a System, or which is otherwise considered a predecessor employer under Section 414(a) of the Internal Revenue Code of 1986 (the Code).

## 5. Normal Retirement Date

Normal Retirement Date under the Plan shall be (only **one** applies):

- a.  Age 65: The first day of the month coincident with or next following a Participant's attainment of age 65.
- b.  Age 62: The first day of the month coincident with or next following a Participant's attainment of age 62.
- c.  Age 60: The first day of the month coincident with or next following a Participant's attainment of age 60.
- d.  30-Year: The first day of the month coincident with or next following the earlier of Participant's attainment of age 62 or the completion of 30 years of service. In conjunction with this option, contributions will be discontinued on (only **one** applies):
  - i.  All Employer and all Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - ii.  All Employer and all Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - iii.  All Employee Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan.
  - iv.  All Employee Contributions shall be discontinued on the first day of the month in which a Participant's actual retirement date occurs.
  - v.  All Employer Contributions shall be discontinued on the last day of the month in which the Participant completes 30 years of service under this Plan. Under this option, all Employee Contributions may continue until the first day of the month in which a Participant's actual retirement date occurs.

**For purposes of Section 5**, Employer and Employee Contributions for a Participant who postpones retirement beyond his or her Normal Retirement Date shall not be discontinued because of attainment of any age.

## 6. Compensation

The Compensation on which Employer Contributions and Employee Contributions to this Plan are based shall be the Participant's **Full Salary** or **Base Salary** as limited under Paragraph 2.8 of the Plan.

Under both Full and Base Salary, only amounts that are actually paid to the Participant during periods while eligible to participate within the Calendar Year shall be taken into account.

A. Employer Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Employer Contributions

B. Employee Elective Contributions and/or Roth Elective Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary

C. After-tax Voluntary Employee Contributions (only **one** applies):

- a.  Full Salary
- b.  Base Salary
- c.  No Voluntary Employee Contributions

7. **Contributions (one or more options may apply):**

A. Safe Harbor Provision

The Participating System has adopted the Safe Harbor provision (only **one** matching formula applies):

- a.  Employer Base Contribution Formula: \_\_\_\_% (at least 3%).
- b.  Basic Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100% of Employee Elective Contributions of 0% to 3% of the Participant's Compensation; **and**
  - ii. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 50% of Employee Elective Contributions in excess of 3% and no greater than 5% of the Participant's Compensation.
- c.  Enhanced Employer Matching Contribution Formula.
  - i. The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_% of Employee Elective Contributions from 0% to \_\_\_\_% (cannot exceed 6%) of the Participant's Compensation; **and** if applicable
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B. Employer Base Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to 12% of the Participant's Compensation.
- b.  The Participating System shall contribute to each Participant's account an Employer Base Contribution equal to \_\_\_\_% of the Participant's Compensation. A Participant shall be required to contribute an Employee Elective Contribution equal to \_\_\_\_% of his or her Compensation in order to receive the Employer Base Contribution.

C. Employer Matching Contribution

- a.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to 100 % (up to 500%) of Employee Elective Contributions from 0 % to 3 % of the Participant's Compensation.
- b.  In addition to the Employer Contribution(s) specified in B.b. and C.a., the Participating System shall further contribute to each Participant's account an Employer Contribution equal to \_\_\_\_\_ % (up to 500%) of Employee Elective Contributions from \_\_\_\_\_ % to \_\_\_\_\_ % of the Participant's Compensation **above** the Employee Elective Contributions in B.b. and C.a.
- c.  The Participating System shall contribute to each Participant's account an Employer Matching Contribution equal to \_\_\_\_\_ % (up to 500%) of Employee Elective Contributions from \_\_\_\_\_ % to \_\_\_\_\_ % of the Participant's Compensation, in an amount:
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  - ii.  not less than \$ \_\_\_\_\_

D.  Other – See Addendum

E.  Enhanced Employer Contribution

The Participating System shall contribute to each participant's account an Employer Contribution equal to a percentage of Employee Elective Contributions up to \_\_\_\_\_ of the Participant's Compensation. The Contribution is \_\_\_\_\_

F.  There shall be **no** Employer Base Contribution or Employer Matching Contribution.

G. Voluntary Employee Contributions (only **one** applies):

- a.  A Participant may elect to make after-tax Voluntary Employee Contributions (VEC) to his or her account, subject to the limitations and conditions provided in Sections 6 and 8 of the Plan. A Participant's VECs are not eligible for any Employer Base or Employer Matching Contributions specified above.
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- a.  Participant loans are allowed, subject to the terms and conditions of the loan provisions in Section 15 of the Plan. A Participant may have a maximum of  one,  two,  three,  four loans.
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- a.  In-service Withdrawals following Normal Retirement Date (NRD) and age 59½: Withdrawals upon attainment of the later of age 59½ or a Participant's NRD (as defined in Paragraph 13.1 of the Plan) shall be available to a Participant prior to retirement or other termination of employment.
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Compensation from a Participating System may continue to make Employee Elective Contributions and Required Employee Contributions until the Participant begins to receive payments due to disability. The number of weeks in this election must not be greater than the Participating System's Long-term Disability elimination period (only **one** applies):

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Elect Top Paid Group

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Code sections 401(k) and 401(m) plan testing may be performed using either prior year or current year data. A prior year election may be changed to a current year election for any Calendar Year. However, once elected, a current year election must remain in effect for five Calendar Years (except under certain circumstances). Only **one** applies.

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- b.  Current Year

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#### **15. Hold Harmless, Limitation on Liability, and Indemnification Obligation**

This section applies to all Participating Systems in the Plan, including those Systems that participated in another Internal Revenue Code (Code) Section 401(a) qualified plan (the Prior Plan) and assets and liabilities of the Prior Plan are transferred to the Plan pursuant to the merger of the Prior Plan into the Plan.

Upon the effective date of the merger or renewal, the Participating System agrees to: (1) comply with all federal and state laws applicable to the Plan, including but not limited to the Employee Retirement Income Security Act of 1974 (ERISA) and the Code, as determined by NRECA in its sole discretion; and (2) indemnify, defend, and hold NRECA and its affiliates, and their officers, directors, and employees, the Plan, and fiduciaries of the Plan, including but not limited to the I&FS Committee (each, an "Indemnitee" and collectively, the "Indemnites") harmless from and against any and all judgments, demands, liabilities, fines, penalties, losses, claims, damages or expenses, (collectively "Claims") including all attorneys' fees, costs and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee by reason of any Claim arising out of or relating to any act, error, or omission or misconduct of the Participating System, its officers, directors, agents, employees, or contractors, during the performance of this Adoption Agreement, including without limitation, Claims arising out of or relating to: (a) correcting any disqualifying defect or practice; (b) violations of the Code prior to a merger as a separate plan, as a result of the merger into the Plan, and following the merger as a Participating System; (c) violations of ERISA; (d) a violation of applicable federal, state, local, or other laws applicable to the Participating System in the jurisdiction (or jurisdictions) in which the System is situated or headquartered; or (e) breaches of any obligations under this Adoption Agreement. The Participating System shall be financially responsible for any funding requirement, Plan qualification defect, benefit deficiency, benefit cost, or related charges relating to the Plan, including making any employer contributions necessary to ensure satisfaction of the funding requirements of ERISA, the Code, and the Plan.

To the extent not prohibited by applicable law, including but not limited to ERISA, and notwithstanding any provision of this Adoption Agreement or the Plan document applicable thereto, in no event shall Indemnites be liable for any indirect, incidental, consequential, special, punitive, exemplary, or enhanced damages of any kind or nature whatsoever (including loss of profit, goodwill, reputation, business opportunity or anticipated savings, or losses arising from any special circumstance of the Plan or any other person) arising under the terms of the Plan or Adoption Agreement or under law or otherwise in connection with, or in any way related to, this Adoption Agreement or the subject matter hereof (including the provision of the services, and the performance, non-performance, or breach of any obligation or duty) whether or not Indemnites have been advised of, or otherwise might or should have anticipated the possibility or likelihood of such damages.

This Hold Harmless, Limitation on Liability, and Indemnification section shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan. This Agreement shall inure to the benefit of the Indemnites and their respective assignees. This Adoption Agreement incorporates any Merger Agreement or other arrangement between the Plan and the Participating System.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and the federal laws of the United States of America. The parties hereby consent and submit to the jurisdiction and forum of the federal courts in the Commonwealth of Virginia in all questions and controversies arising out of this Agreement. This Section shall supersede prior versions of the Adoption Agreement and shall survive the expiration or termination of this Adoption Agreement.



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**16. Signatures**

**IN WITNESS WHEREOF**, the Participating System, by its duly authorized officers, has caused this Agreement to be executed as of the date below.

Methow Fiber  
(Name of Participating System)

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title of Officer)

Date: \_\_\_\_\_

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_



## STANDARDS OF CONDUCT

### Purpose

The purpose of the Standards of Conduct is to ensure the efficient, fair and professional administration of federal grant funds in compliance with [2 CFR § 200.318](#) and other applicable federal and state standards, regulations, and laws.

### Application

Standards of Conduct applies to all elected officials, employees or agents of **Okanogan County Electric Cooperative** engaged in the selection, award or administration of contracts supported by federal grant funds.

### Requirements

No elected official, employee or agent of **Okanogan County Electric Cooperative** shall participate in the selection, award or administration of a contract supported by federal grant funds, if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- the employee, elected official, or agent;
- any member of his/her immediate family;
- his/her partner; or
- an organization which employs, or is about to employ any of the above, has a financial or other interest in or tangible personal benefit from, the firm considered for contract.

The **Okanogan County Electric Cooperative** elected officials, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors or subcontractors.

### Remedies

To the extent permitted by federal, state or local laws or regulations, violation of these standards may cause penalties, sanctions or other disciplinary actions to be taken against **Okanogan County Electric Cooperative** elected officials, employees or agents, or the contractors, potential contractors, subcontractors or their agents.

**Okanogan County Electric Cooperative, 93 W Chewuch Rd, Winthrop WA 98862**

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Board President

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Secretary Signature and Date