

Nebraska Rural Electric Association

GROUP RETENTION PLAN

AGREEMENT

ARTICLE 1.

PURPOSE

This Group Retention Plan Agreement is made and entered into as of the 7th day of November, 2023, by the signatories hereto, for the limited purpose of setting forth the rules governing the operation of a group retention plan covering the statutory workers' compensation and employers' liability insurance requirements of public power districts of rural electric cooperatives who are members in good standing of the Nebraska Rural Electric Association ("NREA"), and who require workers' compensation insurance in Nebraska.

Participation will not involve pooling of risks and each participating system will pay workers' compensation premiums based only on such system's own work force and risk experience.

ARTICLE 2.

NAME

The name of this group retention plan shall be the: NREA Group Retention Alliance. All business of the Group shall be conducted under such name.

ARTICLE 3.

DEFINITIONS

The following terms when used in this Group Retention Plan Agreement shall have the meanings set forth below.

"Management Committee" shall mean the Management Committee created by this

Agreement.

“Member” shall mean a public power district, electric cooperative or electric corporation meeting the membership eligibility requirements set forth in Section 4.1 hereof and accepted as a member of the Group.

“Group” shall mean the NREA Group Retention Alliance.

“Group Retention Plan Agreement” shall mean this Group Retention Plan Agreement between and among the charter Members and subsequent Members, including any amendments hereto.

ARTICLE 4.

MEMBERSHIP

4.1 Eligibility. Any electric cooperative or corporation providing electric services on a non-profit basis or public power district organized and existing under the laws of the State of Nebraska and corporations organized and existing under the laws of the State of Nebraska which are wholly owned and controlled by rural electric cooperatives or public power districts and which are members of the Nebraska Rural Electric Association and are insured by Federated Rural Electric Insurance Exchange shall be eligible for membership in the Group, subject to approval by the Management Committee. Any qualifying utility desiring to become a Member must make written application to the Management Committee and be approved by an affirmative vote of two-thirds (2/3) of the Members. At least ninety percent (90%) of the electric cooperatives or corporations or public power districts eligible for membership in the Group must participate on an annual basis for the Group Retention Plan to be operational.

4.2 Duties and Obligations. Each Member shall:

- (a) Execute a counterpart signature page by Board President and General

Manager to this Group Retention Plan Agreement; and recommit with subsequent execution whenever a new General Manager is hired.

- (b) Comply at all times with the provisions of this Group Retention Plan;
- (c) Report periodically to the Group or its designee such statistical information concerning such Member's workers' compensation and employers' liability claims history and experience, as the Group may require from time to time;
- (d) Purchase all of its workers' compensation and employers' liability insurance from Federated Rural Electric Insurance Exchange;
- (e) Agree to have the same policy year as each other Member; and
- (f) Execute upon request such authorizations and other documents as may be required by the Group from time to time.

4.3 Termination. Once the Group has become operational and group coverage of the Members commenced and for the first three (3) years thereafter, such Members shall have no right voluntarily to terminate membership in or withdraw from the Group. After three years of membership, Members may terminate membership in the Group for any reason, but only at the end of any Group policy year, by delivering at least sixty (60) days prior written notice to the Management Committee and paying any outstanding and unpaid premiums and other expenses, if any, owed by such Members. Except as expressly provided herein, a terminated Member shall have no rights arising out of this Group Retention Plan Agreement against the Group or any other Member.

4.4 Expulsion. A member may be expelled from membership in the Group at any time by an affirmative vote of two-thirds (2/3) of the Members upon the occurrence of any one of the following events:

- (a) the filing by or against such Member of a petition in bankruptcy, receivership, conservatorship, liquidation, or similar creditor protection proceeding;
- (b) the insolvency of such Member;
- (c) the failure by such Member to make any payment pursuant to this Group Retention Plan Agreement when and as such payment is due;
- (d) the failure by such Member to comply with recommendation from Management Committee's Corrective Action Plan including best work practices and safety and loss prevention policies adopted by the Management Committee, which failure is not cured within recommended timeline after the receipt by such Member from the Management Committee of notice stating with reasonable particularity the nature and description of such failure;
- (e) the determination by the Management Committee that a Member's worker's Compensation or employer's liability claims experience is adverse to the interests of the Group;
- (f) the breach by such Member of any provision of this Group Retention Plan Agreement.

4.5 Dissolution of the Group. The Group shall automatically dissolve and the Group Retention Plan Agreement be terminated immediately upon the failure of at least ninety percent (90%) of eligible Members agreeing to participate on an annual basis in the Group and purchasing their workers' compensation and employers' liability insurance from Federated Rural Electric Insurance Exchange.

4.6 Authority. No Member shall have any authority to act for, or to assume

responsibility or obligation on behalf of, any other Member of the Group.

4.7 Transfer of Membership. Other than a merger, consolidation, or acquisition among members, a Member may not sell, assign, transfer or otherwise dispose of, or pledge, hypothecate or otherwise encumber, its membership interest in the Group or any part thereof. Any act in violation of this Section shall be null and void ab initio.

4.8 Voting. Each Member shall have one (1) vote for all matters for which a vote of the Members is required.

ARTICLE 5.

MANAGEMENT COMMITTEE

5.1 General Powers. The business affairs and operations of the Group shall be managed by a Management Committee. The Members shall elect the Management Committee at an annual meeting of the Members.

5.2 Number, Tenure and Qualifications.

- (a) The number of members of the Management Committee shall be six (6), with two Members elected from each of the three administrative regions of the Nebraska Rural Electric Association. Each Member of the Management Committee shall be a natural person eighteen (18) years of age or older and shall be a general manager of a Member of the Group.
- (b) Each manager elected to the Management Committee shall be elected to hold office for the term of six (6) years and until his/her respective successor shall have been elected and qualified.
- (c) At the first regular annual meeting of the members of the Group, the Management Committee shall be divided into two (2) classes, with the

first class consisting of three (3) managers, and the second class consisting of three (3) managers. At such meeting, the managers of the first class shall be elected for the term of one (1) year, and those of the second class shall be elected for the term of two (2) years. At each regular annual meeting thereafter, a number of managers equal to the number of those whose term expires at the time of such meeting shall be elected to hold office for the term of six (6) years, and until their respective successors shall have been elected and qualified.

- (d) The General Manager and Job Training & Safety Coordinator of NREA or a person designated by the NREA General Manager shall be an ex-officio members of the Management Committee.
- (e) The Management Committee shall schedule an annual meeting and notify each member of the date and location by electronic mail at least ten (10) days in advance. The Management Committee may call a special meeting of the members as it deems necessary. Ten or more members may call a special meeting by providing notice at least ten (10) days in advance.

5.3 Removal. Any Member of the Management Committee may be removed either with or without cause at any special or regular meeting of the Members by the affirmative vote of two-thirds (2/3) of the Members. A successor to a removed Member of the Management Committee may be elected at such meeting to serve the unexpired term of such Member of the Management Committee.

5.4 Resignation. A member of the Management Committee may resign at any time by delivering written notice to the Management Committee. A resignation shall be effective when notice thereof is delivered unless the notice specifies a later effective date.

5.5 Vacancies. Any vacancy on the Management Committee arising at any time and for any reason, including the authorization of an increase in the total number of members of the Management Committee, may be filled for the unexpired term at any meeting of the Management Committee by a majority of the members of the Management Committee then in office. Each member of the Management Committee so elected shall hold office until the next annual meeting of the Management Committee and qualification of his or her successor.

5.6 Peer Reviews. The Management Committee may conduct a Peer Review of a Member if any of the following occur:

- (a) Member has an accident that results in a contact or fatality leading to a workman's comp claim.
- (b) Member reaches 125% of annual workers' compensation premiums in one annual coverage period. (Calculation per Federated Retention Report: Systems' Loss divided by Earned Premiums)
- (c) Members' negative impact to the pool has increased for three (3) consecutive years. Action is at the discretion of the Management Committee as each situation may vary.

If a peer review is warranted the following process will occur:

- i. Review of Member's circumstance by Management Committee Chairperson
- ii. Member manager reports to Management Committee
- iii. Management Committee will determine if a Corrective Action Plan is necessary including but not limited to corrective actions, best practices and a timeline for remedial action.
- iv. Management Committee will review the results of the peer review with Member's Manager as an overview for a learning opportunity for all.
- v. Management Committee will confirm the Corrective Action Plan is executed.

If the Member fails to execute the Corrective Action Plan, the Management Committee may recommend the Member is expelled from the plan.

ARTICLE 6.

ALLOCATION OF REFUNDS

6.1 Calculation of Refund. The amount and timing of refunds to the Group, if any, shall be made pursuant to an annual formula devised and administered by Federated Rural Electric Insurance Exchange and agreed to annually by the Management Committee.

6.2 Distribution. If a refund is due to the Group, five percent (5%) of the total of such refund shall be paid to the Nebraska Rural Electric Association for use in its job training and safety education department. The remaining ninety-five percent (95%) of such refund shall be allocated and distributed to the Members in proportion to their respective share of total premiums paid for the policy year for which a refund is being distributed.

ARTICLE 7.

MISCELLANEOUS

7.1 Amendments. This Group Retention Plan Agreement may be amended in writing at any time upon the affirmative vote of two-thirds of the Members of the Group.

7.2 Situs of Group. This Group Retention Plan Agreement has been executed by the parties hereto in the State of Nebraska. The endorsement and interpretation of the terms and provisions herein contained shall be made in accordance with the laws of the State of Nebraska.

7.3 Entire Agreement. This Group Retention Plan Agreement contains the entire agreement between the Members regarding the subject matter hereof.

7.4 Counterparts. This Group Retention Plan Agreement may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall

constitute but one and the same agreement.

7.5 Notices. Any notice, payment, demand or communication required or permitted to be given by the provisions of this Group Retention Plan Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party to who the same is directed, or if sent by certified electronic mail, as shown on the records of the Group or to such other address as shall be furnished in writing by any party to the other.

7.6 Binding Effect. This Agreement shall be binding upon and insure to the benefit of the successor or assign of each party hereto.

NREA Group Retention Plan Agreement Signatures

Butler Public Power District

Mark Kirby, General Manager

(Signature)

Daryl Crook, Board President

(Signature)

Date