

RESOLUTION No. 1497

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY RESTATING THE 457(b) DEFERRED COMPENSATION PLAN AND THE 401(a) DEFINED CONTRIBUTION PLAN ADMINISTERED BY JOHN HANCOCK – RETIREMENT PLAN SERVICES.

WHEREAS, by Resolution No. 1473, the District adopted a 457(b) Deferred Compensation Plan and a 401(a) Defined Contribution Plan; and

WHEREAS, the District is considered a “Sponsoring Employer” under Internal Revenue Service (IRS) guidelines pertaining to 457(b) and 401(a) plans; and

WHEREAS, periodically the IRS asks that all Sponsoring Employers adopt a Model Amendment to their plans; and

WHEREAS, the proposed amendments to the above referenced plans include changes to incorporate the Pension Protection Act of 2006 (PPA), the Heroes Earnings Assistance and Relief Tax Equity Act (HEART ACT), the Worker, Retiree, and Employer Recovery Act of 2009 (PPA Technical Corrections Act), along with other modifications designed to insure the District’s compliance with all other legal and procedural aspects pertaining to the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan administered by John Hancock – Retirement Plan Services.

NOW, THEREFORE BE IT RESOLVED that the District does hereby adopt the restated 457(b) Deferred Compensation Plan attached as Exhibit A and the 401(a) Defined Contribution Plan attached as Exhibit B; and

BE IT FURTHER RESOLVED that the General Manager, or his designee, is hereby authorized to execute any and all documents necessary to effect the implementation of the above referenced deferred compensation plan and defined contribution plan attached as Exhibits A, B.

PASSED AND APPROVED by the Commission of Public Utility District No.1 of Okanogan County this 15th day of December, 2009.



Trish Butler, President



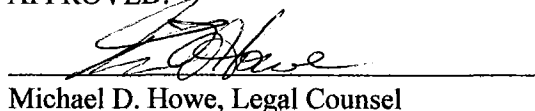
David A. Womack, Vice President

ATTEST:



Ernest J. Bolz, Secretary

APPROVED:



Michael D. Howe, Legal Counsel

**ELIGIBLE 457 PROTOTYPE PLAN
SALARY REDUCTION CONTRIBUTIONS/EMPLOYER CONTRIBUTIONS
ADOPTION AGREEMENT**

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**ELIGIBLE 457 PROTOTYPE PLAN
SALARY REDUCTION CONTRIBUTIONS/EMPLOYER CONTRIBUTIONS
ADOPTION AGREEMENT**

The undersigned, Public Utility District #1 of Okanogan County ("Employer"), by executing this Adoption Agreement, elects to become a participating Employer in the Public Utility District #1 of Okanogan County Eligible 457 Prototype Plan ("Plan"). The Plan consists of this Adoption Agreement and the accompanying basic plan document. The Employer makes the following elections granted under the provisions of the Plan.

**ARTICLE I
DEFINITIONS**

PLAN (1.21). The name of the Plan as adopted by the Employer is Public Utility District #1 of Okanogan County Deferred Compensation Plan.

TYPE OF 457 PLAN (1.36). The Type of 457 Plan is a (*Choose one of (a) or (b)*):

- (a) **Governmental Eligible 457 Plan.** [Plan Section 1.36(A)]
- (b) **Tax-Exempt Organization Eligible 457 Plan.** [Plan Section 1.36(B)] [*Note: A Tax-Exempt Organization must restrict participation in the Plan to a select group of management or highly compensated employees.*]

EMPLOYEE (1.09). The following are Excluded Employees and are not eligible to participate in the Plan (*Choose (a) or choose one or more of (b) through (f) as applicable*):

- (a) **No exclusions.** All Employees are eligible to participate.
- (b) **Part-time Employees.** The Plan defines part-time Employees as Employees who normally work less than _____ hours per week.
- (c) **Hourly-paid Employees.**
- (d) **All Employees except top-hat group.** All Employees are Excluded Employees except those Employees who the Employer determines are in a select group of management or highly compensated employees as would constitute a "top-hat" group within the meaning of Title I of ERISA.
- (e) **Leased Employees.** The Plan excludes Leased Employees.
- (f) (*Specify*) _____

[*Note: A Tax-Exempt Organization must elect (d) or in (f) must specify top-hat group Participants by name, title or otherwise.*]

INDEPENDENT CONTRACTOR (1.15). The Plan (*Choose one of (a), (b) or (c)*):

- (a) **Participate.** Permits Independent Contractors to participate in the Plan.
- (b) **Not participate.** Does not permit Independent Contractors to participate in the Plan.
- (c) **Specified Independent Contractors.** Permits the following specified Independent Contractors to participate: Michael D. Howe, Commissioners

Eligible 457 Prototype Plan
Salary Reduction Contributions/Employer Contributions Adoption Agreement

[Note: If the Employer elects to permit any or all Independent Contractors to participate in the Plan, the term Employee as used in the Plan includes such participating Independent Contractors.]

COMPENSATION (1.05). Subject to the following elections, Compensation for purposes of allocation of Deferral Contributions means W-2 wages (including Elective Contributions). Compensation for an Independent Contractor means the amounts the Employer pays to the Independent Contractor for services, except as the Employer otherwise specifies below.

Modifications to Compensation definition. The Employer elects to modify the Compensation definition as follows (Choose (a) or choose one or more of (b) through (f) as applicable):

- (a) **No modifications.** The Plan makes no modifications to the definition.
- (b) **Fringe benefits.** The Plan excludes all reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits.
- (c) **Elective Contributions.** [Plan Section 1.05(C)] The Plan excludes a Participant's Elective Contributions.
- (d) **Bonuses.** The Plan excludes bonuses.
- (e) **Overtime.** The Plan excludes overtime.
- (f) *(Specify)* The exclusions from Compensation hereunder are eliminated for the new plan year beginning January 1, 2009. Also effective January 1, 2009, Compensation will include Leave Pay.

Compensation taken into account. For the Plan Year in which an Employee first becomes a Participant, the Plan Administrator, except as to Salary Reduction Contributions, will determine the allocation by taking into account (Choose one of (g) or (h)):

- (g) **Plan Year.** The Employee's Compensation for the entire Plan Year.
- (h) **Compensation while a Participant.** The Employee's Compensation only for the portion of the Plan Year in which the Employee actually is a Participant.

PLAN YEAR (1.24). Plan Year means the 12-consecutive month period (except for a short Plan Year) ending every (Choose one of (a) or (b). Choose (c) as applicable):

- (a) **December 31.**
- (b) **Other:** _____
- (c) **Short Plan Year:** commencing on: _____ and ending on: _____

EFFECTIVE DATE (1.08). (Choose one of (a) or (b). Choose (c) as applicable):

- (a) **New Plan.** The Effective Date of the Plan is _____.
- (b) **Restated Plan.** The restated Effective Date is April 1, 2009. This Plan is a substitution and amendment of an existing 457 plan originally established effective as of January 1, 2008.
- (c) **Special Effective Dates.** The following special Effective Dates apply: _____.

NORMAL RETIREMENT AGE (1.19). A Participant attains Normal Retirement Age under the Plan (Choose one of (a) or (b). Choose (c) as applicable):

- (a) **Plan designation.** [Plan Section 3.05(B)] When the Participant attains age 65.
- (b) **Participant designation.** [Plan Section 3.05(B) and (B)(1)] When the Participant attains the age the Participant designates, which may not be earlier than age _____ and may not be later than age _____ (no later than 70½).
- (c) **Police/firefighters.** [Plan Section 3.05(B)(3)] (Choose one of (1) or (2)):
 - (1) **Plan designation.** When the Participant attains age _____.
 - (2) **Participant designation.** When the Participant attains the age the Participant designates, which may not be earlier than age _____ (no earlier than age 40) and may not be later than age _____ (no later than 70½).

**ARTICLE II
EMPLOYEE PARTICIPANTS**

2.01 ELIGIBILITY.

Eligibility Conditions. To become a Participant in the Plan, an Employee must satisfy the following eligibility condition(s) (Choose (a) or choose one or more of (b) through (d) as applicable):

- (a) **No eligibility conditions.** The Employee is eligible to participate in the Plan as of his/her first day of employment with the Employer.
- (b) **Age.** Attainment of age _____.
- (c) **Service.** Service requirement (Choose one of (1) or (2)):
 - (1) **Year of Service.** One year of Continuous Service.
 - (2) **Months(s) of Service.** _____ month(s) of Continuous Service.
- (d) (Specify) _____

Plan Entry Date. "Plan Entry Date" means the Effective Date and (Choose one of (e) through (h)):

- (e) **Monthly.** The first day of the month coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.
- (f) **Annual.** The first day of the Plan Year coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.
- (g) **Date of hire.** The Employee's employment commencement date with the Employer.
- (h) (Specify) _____

**ARTICLE III
SALARY REDUCTION CONTRIBUTIONS, MATCHING CONTRIBUTIONS**

AND NONELECTIVE CONTRIBUTIONS

3.01 TYPE AND AMOUNT. The amount and type(s) of Deferral Contributions to the Plan for a Plan Year or other specified period will equal (Choose one or more of (a) through (c) as applicable):

(a) **Salary Reduction Contributions**. The dollar or percentage amount by which each Participant has elected to reduce his/her Compensation, as provided in the Participant's Salary Reduction Agreement.

(b) **Matching Contributions**. The Matching Contributions made in accordance with Section 3.03.

(c) **Nonelective Contributions**. The following Nonelective Contribution (Choose one or more of (1), (2) or (3) as applicable):

(1) **Discretionary contribution**. An amount the Employer in its sole discretion may determine.

(2) **Fixed contribution**. The following amount: _____

(3) **Non-pro rata allocation**. The Plan Administrator will allocate the fixed or discretionary Nonelective Contributions as follows: To the General Manager based upon the conditions outlined in the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County

3.02 SALARY REDUCTION CONTRIBUTIONS. A Participant's Salary Reduction Contributions are subject to the following limitation(s) in addition to those imposed by the Code (Choose (a) or choose one or more of (b) through (d) as applicable):

(a) **No limitations**.

(b) **Maximum deferral amount**: _____

(c) **Minimum deferral amount**: _____

(d) (Specify) _____

[Note: Any limitation the Employer elects in (b) through (d) will apply on a payroll basis unless the Employer otherwise specifies.]

Age 50 Catch-up Contributions. [Plan Section 3.06] The Plan (Choose one of (e) or (f)):

(e) **Permits**. Permits Participants to make age 50 catch-up contributions.

(f) **Does not permit**. Does not permit Participants to make age 50 catch-up contributions.

[Note: Only a Governmental Eligible 457 Plan may permit age 50 catch-up contributions.]

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Sick, Vacation and Back Pay. [Plan Section 3.02(A)] The Plan (Choose one of (g) or (h)):

- (g) **Permits.** Permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.
- (h) **Does not permit.** Does not permit Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

Automatic Enrollment. [Plan Section 3.02(B)] The Plan (Choose one of (i) or (j)):

- (i) **Does not apply.** Does not apply the Plan's automatic enrollment provisions.
- (j) **Applies.** Applies the Plan's automatic enrollment provisions. The Employer as a Salary Reduction Contribution will withhold _____% from each Participant's Compensation unless the Participant elects a lesser percentage (including zero) under his/her Salary Reduction Agreement. The automatic election will apply to (Choose one of (1) or (2)):

- (1) **All Participants.** All Participants who as of _____ are not making Salary Reduction Contributions at least equal to the automatic amount.
- (2) **New Participants.** Each Employee whose Plan Entry Date is on or following _____.

3.03 **MATCHING CONTRIBUTIONS.** The Employer's Matching Contribution is (If the Employer elects Section 3.01(b), the Employer must elect one or more of (a), (b) or (c)):

- (a) **Fixed formula.** An amount equal to _____% of each Participant's Salary Reduction Contributions.
- (b) **Discretionary formula.** An amount (or additional amount) equal to a matching percentage the Employer from time to time may deem advisable of each Participant's Salary Reduction Contributions.
- (c) (Specify) _____.

Time period for Matching Contributions. The Employer will determine its Matching Contribution based on Salary Reduction Contributions made during each (Choose one of (d) through (g)):

- (d) **Plan Year.**
- (e) **Plan Year quarter.**
- (f) **Payroll period.**
- (g) (Specify): _____.

Salary Reduction Contributions Taken into Account. In determining a Participant's Salary Reduction Contributions taken into account for the above-specified time period under the Matching Contribution formula, the following limitations apply (Choose one of (h), (i), (j) or (k)):

- (h) **All Salary Reduction Contributions.** The Plan Administrator will take into account all Salary Reduction Contributions.
- (i) **Specific limitation.** The Plan Administrator will disregard Salary Reduction Contributions exceeding _____% of the Participant's Compensation.

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(j) **Discretionary.** The Plan Administrator will take into account the Salary Reduction Contributions as a percentage of the Participant's Compensation as the Employer determines.

(k) (Specify): _____

3.08 **ALLOCATION CONDITIONS.** The Plan does not apply any allocation conditions to Salary Reduction Contributions. To receive an allocation of a Matching Contribution or Nonelective Contribution, a Participant must satisfy the following condition(s) (Choose (a) or choose one or more of (b) through (f)):

(a) **No allocation conditions.**

(b) **Service condition.** The Participant must complete the following number of months of Continuous Service during the Plan Year: _____

(c) **Employment condition.** The Participant must be employed by the Employer on the last day of the Plan Year.

(d) **Limited Severance Exception.** Any condition specified in (b) or (c) does not apply if the Participant incurs a Severance from Employment during the Plan Year on account of death, disability or attainment of Normal Retirement Age in the current Plan Year or in a prior Plan Year.

(e) **Limited allocation conditions.** The Plan does not impose an allocation condition for the following types of contributions: _____

(f) (Specify): _____

**ARTICLE IV
TIME AND METHOD OF PAYMENT OF BENEFITS**

4.02 **TIME/METHOD OF PAYMENT OF ACCOUNT.** The Plan will distribute to a Participant who incurs a Severance from Employment his/her Vested Account as follows:

Timing. The Plan, in the absence of a permissible Participant election to commence payment later, will pay the Participant's Account (Choose one of (a) through (e)):

(a) **Specified Date.** _____ days after the Participant's Severance from Employment. [Note: In a Tax-Exempt Organization 457 Plan, the Employer may wish to designate a specific payment date. This date will be the date upon which a Participant's Deferred Compensation is "made available" and therefore becomes taxable to the Participant, absent a proper Participant election to defer payment.]

(b) **Immediate.** As soon as administratively practicable following the Participant's Severance from Employment.

(c) **Designated Plan Year.** As soon as administratively practicable in the _____ Plan Year beginning after the Participant's Severance from Employment.

(d) **Normal Retirement Age.** As soon as administratively practicable after the close of the Plan Year in which the Participant attains Normal Retirement Age.

(e) (Specify): _____

Method. The Plan, in the absence of a permissible Participant election of an alternative method, will distribute the Participant's Account under one of the following method(s) of distribution (*Choose one or more of (f) through (j) as applicable*):

(f) **Lump sum.** A single payment.

(g) **Installments.** Multiple payments made as follows: in regular monthly, quarterly, semi-annual, or annual installments of approximately equal amounts over a period not extending beyond the life of the participant or the lives of such participant and a designated beneficiary.

(h) **Installments for required minimum distributions only.** Annual payments, as necessary, under Plan Section 4.03.

(i) **Annuity distribution option(s):** _____

(j) (Specify) _____

Participant Election. [Plan Sections 4.02(A) and (B)] The Plan (*Choose one of (k), (l) or (m)*):

(k) **Permits.** Permits a Participant, with Plan Administrator approval of the election, to elect to postpone distribution beyond the time the Employer has elected in (a) through (e) and also to elect the method of distribution (including a method not described in (f) through (j) above).

(l) **Does not permit.** Does not permit a Participant to elect the timing and method of Account distribution.

(m) (Specify): _____

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The following elections apply to required minimum distributions under the Plan (*Choose one of (a) or (b) as applicable. Choose (c) and (d) as applicable*):

(a) **Five-year rule.** If a Participant with a designated Beneficiary dies before the required beginning date, the Plan will distribute the Participant's Account by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(b) **Participant election.** A Participant or designated Beneficiary, on an individual basis in accordance with applicable Treasury regulations, may elect whether to apply the five-year rule or the life expectancy rule to the distribution of a deceased Participant's Account.

(c) **Effective date.** The required minimum distribution provisions of Section 4.03 apply commencing in 2003, or if later, on the Plan's Effective Date.

(d) **Special designated Beneficiary election.** A designated Beneficiary who is receiving payments under the five-year rule on or before December 31, 2002, may elect the life expectancy rule, in accordance with applicable Treasury regulations.

[*Note: An Employer need not elect any of (a) through (d) above. These elections override certain "default" Plan provisions.*]

4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. A Participant prior to Severance from Employment may elect to receive a distribution of his/her Vested Account under the following distribution options (*Choose (a) or choose one or more of (b) through (e) as applicable*):

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- (a) None. A Participant may not receive a distribution prior to Severance from Employment.
- (b) **Unforeseeable emergency.** A Participant may elect a distribution from his/her Account in accordance with Plan Section 4.05(A).
- (c) **De minimis exception.** [Plan Section 4.05(B)] If the Participant: (i) has an Account that does not exceed \$5,000; (ii) has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (iii) has not received a prior Plan distribution under this de minimis exception, then *(Choose one of (1), (2) or (3))*:
- (1) **Participant election.** The Participant may elect to receive all or any portion of his/her Account.
- (2) **Mandatory distribution.** The Plan Administrator will distribute the Participant's entire Account.
- (3) **Hybrid.** The Plan Administrator will distribute a Participant's Account that does not exceed \$ 1,000 and the Participant may elect to receive all or any portion of his/her Account that exceeds \$ 1,000 but that does not exceed \$5,000.
- (d) **Age 70½.** A Participant who attains age 70½ prior to Severance from Employment may elect distribution of any or all of his/her Account.
- (e) **Distribution of Rollover Contributions.** A Participant *(Choose one of (1) or (2))*:
- (1) **Distribution without restrictions.** May elect distribution of his/her Rollover Contributions Account in accordance with Plan Section 4.05(C) at any time.
- (2) **No distribution.** May not elect to receive distribution of his/her Rollover Contributions Account until the Plan has a distributable event under Plan Section 4.01.
- (3) *(Specify)* _____
- (f) *(Specify)* _____

[Note: An Employer in an Eligible 457 Plan need not permit any in-service distributions. In an Eligible 457 Plan, any election must comply with the distribution restrictions of Code §457(d).]

4.06 **QDRO.** The QDRO provisions of Plan Section 4.06 *(Choose one of (a), (b) or (c))*:

- (a) **Apply.**
- (b) **Do not apply.**
- (c) *(Specify)* _____

ARTICLE V

PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS

5.02 **PARTICIPANT LOANS**

- Does not permit

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Permits. Participant loans will be permitted according to the Loan Policy.

5.07 ALLOCATION OF NET INCOME, GAIN OR LOSS. The Plan Administrator will allocate net income, gain or loss using the following method (Choose one of (a), (b) or (c)):

(a) **Account Earnings**. The Plan credits to each Account the Account's actual earnings, including Trust earnings if applicable.

(b) **Interest**. The Plan credits to each Account interest at the rate of _____% per annum compounded _____.

(c) (Specify) _____

5.11 VESTING/SUBSTANTIAL RISK OF FORFEITURE. A Participant's Deferral Contributions are [Note: If a Participant incurs a Severance from Employment before the specified events or conditions, the Plan will forfeit the Participant's Account.] (Choose one of (a), (b), (c) or (d). Choose (e) as applicable):

(a) **100% Vested**. Immediately Vested without regard to additional Service.

(b) **Forfeiture under Vesting Schedule**. Vested according to the following vesting schedule:

Years of Service	Vested Percentage
_____	_____
_____	_____
_____	_____

For this purpose, a "Year of Service" means: _____

(c) **Substantial Risk of Forfeiture**. Vested only when no longer subject to the following Substantial Risk of Forfeiture as follows (Choose (1) or (2)):

(1) The Participant must remain employed by the Employer until _____, unless earlier Severance from Employment occurs on account of death or disability, as the Plan Administrator shall establish.

(2) (Specify) _____

(d) (Specify) Nonelective Contributions shall vest according to the provisions outlined in the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County.

(e) **Contributions affected**. The following contributions are subject to the vesting schedule under (b), Substantial Risk of Forfeiture under (c) or vesting as described in (d) (Choose one or more of (1), (2) or (3)):

(1) **Salary Reduction Contributions**.

(2) **Nonelective Contributions**.

(3) **Matching Contributions**.

(4) (Specify) _____

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[Note: Any contribution type the Employer does not elect under (e) is immediately 100% Vested. If the Employer elects (a), it need not elect (e) or one of (f) through (i) below.]

Forfeiture Allocation. [Plan Sections 5.11(A) and 5.14] The Plan Administrator will allocate any Plan forfeitures *(Choose one of (f), (g), (h) or (i))*:

(f) **Reversion.** As a reversion to the Employer. *[Note: Do not elect (f) in a Governmental Eligible 457 Plan.]*

(g) **Additional Contributions.** As the following contribution type *(Choose one or (1) or (2))*:

(1) **Nonelective.** As an additional Nonelective Contribution.

(2) **Matching.** As an additional Matching Contribution.

(h) **Reduce Fixed Contributions.** To reduce the following fixed contribution *(Choose one of (1), or (2))*:

(1) **Nonelective.** To reduce the Employer's fixed Nonelective Contribution.

(2) **Matching.** To reduce the Employer's fixed Matching Contribution.

(i) *(Specify):* _____

**ARTICLE VIII
TRUST PROVISIONS – GOVERNMENTAL ELIGIBLE 457 PLAN**

8.01 MODIFICATION OR SUBSTITUTION OF TRUST. The following provisions apply to Article VIII of the Plan *(Choose one of (a) or (b) as applicable)*:

(a) **Modifications.** The Employer modifies the Article VIII Trust provisions as follows: _____

The remaining Article VIII provisions apply.

(b) **Substitution.** The Employer replaces the Trust with the Trust Agreement attached to the Plan as "Appendix A."

8.04 DISCRETIONARY/NONDISCRETIONARY TRUSTEE. *(Choose one of (a) or (b))*:

(a) **Discretionary trustee.** [Plan Section 8.04] The Trustee is a discretionary Trustee.

(b) **Nondiscretionary trustee.** [Plan Section 8.04(A)] The Trustee is a nondiscretionary Trustee.

8.16 CUSTODIAL ACCOUNT/ANNUITY CONTRACT. The Employer will hold all or part of the Deferred Compensation in one or more custodial accounts or annuity contracts which satisfy the requirements of Code §457(g) *(Choose one or more of (a), (b) or (c) as applicable)*.

(a) **Custodial account(s).**

(b) **Annuity contract(s).**

(c) *(Specify):* _____

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[Note: The Employer under (c) may wish to identify the custodial accounts or annuity contracts or to designate a portion of the Deferred Compensation to be held in such vehicles versus held in the Trust.]

PLAN EXECUTION

The Employer hereby agrees to the provisions of the Eligible 457 Prototype Plan, as modified by the elections the Employer has made in this Adoption Agreement, and in witness of its agreement, the Employer, by its duly authorized officer or official, has executed this Adoption Agreement, on this ____ day of _____, _____.

Name of Employer: _____

Employer's EIN: _____

Signed: _____

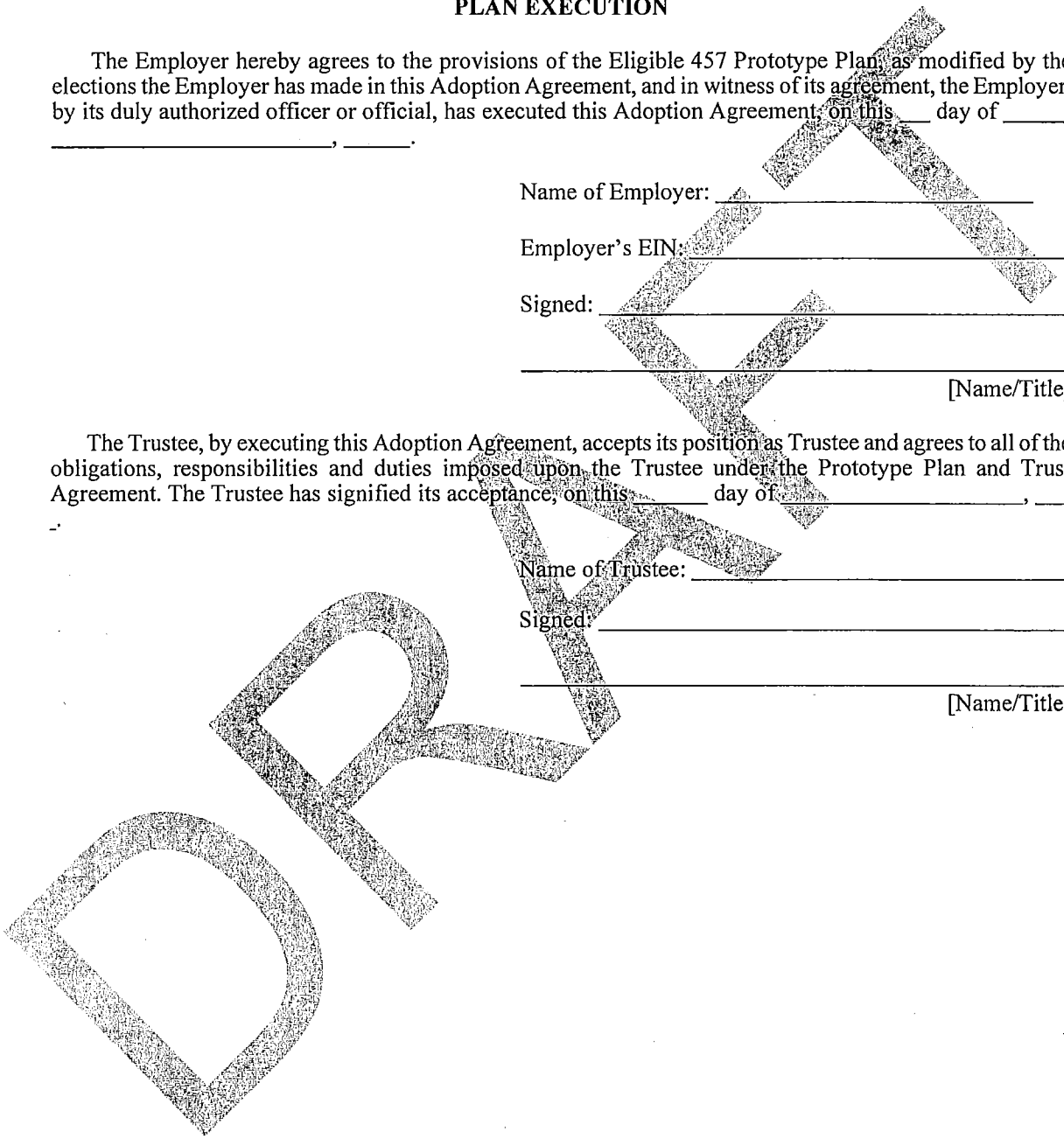
[Name/Title]

The Trustee, by executing this Adoption Agreement, accepts its position as Trustee and agrees to all of the obligations, responsibilities and duties imposed upon the Trustee under the Prototype Plan and Trust Agreement. The Trustee has signified its acceptance, on this ____ day of _____, _____.

Name of Trustee: _____

Signed: _____

[Name/Title]



ADOPTION AGREEMENT FOR
RANDALL & HURLEY, INC.
VOLUME SUBMITTER PROFIT SHARING PLAN

CAUTION: Failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

EMPLOYER INFORMATION

(An amendment to the Adoption Agreement is not needed solely to reflect a change in the information in this Employer Information Section.)

1. EMPLOYER'S NAME, ADDRESS, TELEPHONE NUMBER AND TIN

Name: Public Utility District No. 1 of Okanogan County

Address: 1331 Second Avenue North

Street

Okanogan

City

Washington

State

98840

Zip

Telephone: 509-422-3310

Taxpayer Identification Number (TIN): 91-6001040

2. TYPE OF ENTITY

- a. Corporation (including Tax-exempt or Non-profit Corporation)
- b. Professional Service Corporation
- c. S Corporation
- d. Limited Liability Company that is taxed as
 - 1. a partnership or sole proprietorship
 - 2. a Corporation
 - 3. an S Corporation
- e. Sole Proprietorship
- f. Partnership (including Limited Liability)
- g. Other: Governmental Entity (must be a legal entity recognized under federal income tax laws)

3. EMPLOYER'S FISCAL YEAR means the 12 consecutive month period:

- a. Beginning on January 1 (e.g., January 1st)
month day
and ending on December 31
month day
- b. Other: _____ (must be the period used for IRS reporting purposes)

4. AFFILIATED EMPLOYERS/PARTICIPATING EMPLOYERS. Is the Employer a member of a controlled group or an affiliated service group (within the meaning of Code Section 414(b), (c), or (o))?

- a. No.
- b. Yes, Employer is a member of (select all that apply):
 - 1. a controlled group
 - 2. an affiliated service group

AND, will any other Employers adopt the Plan as Participating Employers?

- c. Yes. (Complete a Participation Agreement for each Participating Employer.)
- d. No. (The Plan could fail to satisfy the Code Section 410(b) coverage rules.)

NOTE: If this is a Professional Employer Organization or another multiple employer arrangement in which different employers will have different conditions for eligibility, etc., then the Multiple Employer Participation Agreement must be completed for each employer.

PLAN INFORMATION

(An amendment to the Adoption Agreement is not needed solely to reflect a change in the information in Questions 9. through 11.)

5. PLAN NAME:

Public Utility District No. 1 of Okanogan County 401(a) Plan

6. EFFECTIVE DATE

- a. [] This is a new Plan effective as of ... (hereinafter called the "Effective Date").
b. [] This is an amendment and restatement of a plan which was originally effective ... The effective date of this amendment and restatement is ... (hereinafter called the "Effective Date").
c. [X] FOR EGTRRA RESTATEMENTS: This is an amendment and restatement to bring a plan into compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and other legislative and regulatory changes. The Plan's original effective date was January 1, 2008. Except as specifically provided in the Plan, the effective date of this amendment and restatement is April 1, 2009. (hereinafter called the "Effective Date"). (May enter a restatement date that is the first day of the current Plan Year. The Plan contains appropriate retroactive effective dates with respect to provisions for the appropriate laws.)

7. PLAN YEAR means the 12 consecutive month period:

Beginning on January 1 month day (e.g., January 1st)

and ending on December 31 month day

EXCEPT that there will be a Short Plan Year (if the effective date of participation is based on a Plan Year, then coordinate with Question 16.):

- a. [X] N/A
b. [] beginning on month day year (e.g., July 1, 2007)
and ending on month day year

8. VALUATION DATE means:

- a. [X] Every day that the Trustee (or Insurer), any transfer agent appointed by the Trustee (or Insurer) or the Employer, and any stock exchange used by such agent are open for business (daily valuation).
b. [] The last day of each Plan Year.
c. [] The last day of each Plan Year half (semi-annual).
d. [] The last day of each Plan Year quarter.
e. [] Other (specify day or days): (must be at least once each Plan Year).

9. PLAN NUMBER assigned by the Employer

- a. [X] 001
b. [] 002
c. [] Other:

10. TRUSTEE(S) OR INSURER(S)

- a. [] This Plan is funded exclusively with Contracts and the name of the Insurer(s) is:
(1) (2) (if more than 2, add names to signature page).
b. [X] Individual Trustee(s) who serve as Trustee(s) over assets not subject to control by a corporate Trustee. (Add additional Trustees as necessary.)

Table with 2 columns: Name(s) and Title(s). Row 1: Director of Finance

Address and Telephone number:

- 1. Use Employer address and telephone number.
- 2. Use address and telephone number below:

Address: _____
Street

_____ City _____ State _____ Zip

Telephone: _____

- c. Corporate Trustee

Name: _____

Address: _____
Street

_____ City _____ State _____ Zip

Telephone: _____

AND, the Trustee shall serve as:

- d. a Directed (nondiscretionary) Trustee over all Plan assets except for the following:

- e. a Discretionary Trustee over all Plan assets except for the following:

AND, shall a separate trust agreement that is approved by the IRS for use with this Volume Submitter Plan be used with this Plan?

- f. No.
- g. Yes.

NOTE: If Yes is selected, an executed copy of the trust agreement between the Trustee and the Employer must be attached to this Plan. The Plan and trust agreement will be read and construed together. The responsibilities, rights and powers of the Trustee shall be those specified in the trust agreement.

11. PLAN ADMINISTRATOR'S NAME, ADDRESS AND TELEPHONE NUMBER:

(If none is named, the Employer will be the Plan Administrator.)

- a. Employer (Use Employer address and telephone number).
- b. Use name, address and telephone number below:

Name: _____

Address: _____
Street

_____ City _____ State _____ Zip

Telephone: _____

12. CONSTRUCTION OF PLAN

This Plan shall be governed by the laws of the state or commonwealth where the Employer's (or, in the case of a corporate Trustee (or Insurer), such Trustee's (or Insurer's)) principal place of business is located unless another state or commonwealth is specified: _____

13. CONTRIBUTION TYPES

The following contributions are authorized under this Plan. The selections made below should correspond with the selections made under the Contributions and Allocations section of this Adoption Agreement.

- a. Employer Profit Sharing Contributions (includes Prevailing Wage Contributions) (Question 27.)
- b. Rollover Contributions (Question 39.)
- c. Employer Matching Contributions
- c. This is a frozen Plan effective: _____

ELIGIBILITY REQUIREMENTS

14. ELIGIBLE EMPLOYEES (Plan Section 1.25) means all Employees (including Leased Employees) EXCEPT for the following Employees: (select all that apply below)
- a. N/A. No exclusions.
 - b. The following are excluded:
 - 1. Union Employees (as defined in Plan Section 1.25)
 - 2. Nonresident Aliens (as defined in Plan Section 1.25)
 - 3. Highly Compensated Employees
 - 4. Leased Employees
 - 5. Part-time/Temporary/Seasonal Employees. A part-time, temporary or seasonal Employee is an Employee whose regularly scheduled Service is less than _____ Hours of Service in the relevant eligibility computation period
 - 6. Other: _____ (must be definitely determinable, may not be based on age or length of service (except as provided in 5. above) or level of compensation, and if using the average benefits test to satisfy Code Section 410(b) coverage testing, must be a reasonable classification)

15. CONDITIONS OF ELIGIBILITY (Plan Section 3.1)
Any Eligible Employee will be eligible to participate in the Plan upon satisfaction of the following (select either a. OR b. and c., and if applicable, d.):
- a. No age or service required.
 - b. Completion of the following service requirement which is based on Years of Service (or Periods of Service if the Elapsed Time Method is selected):
 - 1. No service requirement
 - 2. 6 months of service
 - 3. 1 Year of Service
 - 4. 1 1/2 Years of Service
 - 5. 2 Years of Service
 - 6. _____ (not to exceed 1,000) Hours of Service within _____ (not to exceed 12) consecutive months from the Eligible Employee's employment commencement date. If an Employee does not complete the stated Hours of Service during the specified time period, the Employee is subject to the 1 Year of Service requirement in b.3. above
 - 7. _____ (not to exceed 12) consecutive months of employment from the Eligible Employee's employment commencement date. If an Employee does not complete the stated number of months, the Employee is subject to the 1 Year of Service requirement in b.3. above.
 - 8. Other: _____ (must be an age or service requirement that is definitely determinable and may not exceed 2 Years of Service)

NOTE: If more than 1 Year of Service is selected, 100% immediate vesting is required.
NOTE: If the service requirement is or includes a fractional year, then an Employee will not be required to complete any specified number of Hours of Service to receive credit for such fractional year. If expressed in months of service, then an Employee will not be required to complete any specified number of Hours of Service in a particular month, unless selected in b.6. above. In both cases, the Plan must use the Elapsed Time method to determine service.
NOTE: Year of Service means Period of Service if Elapsed Time method is chosen.

- c. Attainment of age
 - 1. No age requirement
 - 2. 20 1/2
 - 3. 21
 - 4. Other: _____ (may not exceed 21)
- d. AND, the service and/or age requirements specified above shall be waived if employed on _____
The waiver applies to any Eligible Employee unless 3. selected below. Such Employee shall enter the Plan as of such date.
The requirements to be waived are (select 1. and/or 2. AND 3. if applicable):
 - 1. service requirement (will let part-time Eligible Employees into the Plan)
 - 2. age requirement
 - 3. waiver is for: _____ (e.g., employees of a specific division or employees covered by a Code Section 410(b)(6)(C) acquisition).

16. EFFECTIVE DATE OF PARTICIPATION (ENTRY DATE) (Plan Section 3.2)
An Eligible Employee who has satisfied the eligibility requirements will become a Participant in the Plan as of:
- a. the date such requirements are met.
 - b. the first day of the month coinciding with or next following the date on which such requirements are met.
 - c. the first day of the Plan Year quarter coinciding with or next following the date on which such requirements are met.
 - d. the earlier of the first day of the Plan Year or the first day of the seventh month of the Plan Year coinciding with or next following the date on which such requirements are met.
 - e. the first day of the Plan Year coinciding with or next following the date on which such requirements are met. (Eligibility must be six months of service (or 1 1/2 Years (or Periods) of Service if 100% immediate vesting is selected) or less and age must be 20 1/2 or less.)
 - f. the first day of the Plan Year in which such requirements are met.

- g. the first day of the Plan Year in which such requirements are met, if such requirements are met in the first 6 months of the Plan Year, or as of the first day of the next succeeding Plan Year if such requirements are met in the last 6 months of the Plan Year.
- h. other: _____, provided that an Eligible Employee who has satisfied the maximum age (21) and service requirements (1 Year (or Period) of Service (or more than 1 year if full and immediate vesting)) and who is otherwise entitled to participate, shall commence participation no later than the earlier of (a) 6 months after such requirements are satisfied, or (b) the first day of the first Plan Year after such requirements are satisfied, unless the Employee separates from service before such participation date.

SERVICE

17. **RECOGNITION OF SERVICE WITH OTHER EMPLOYERS (Plan Sections 1.60 and 1.85)**

- a. No service with other Employers shall be recognized.

OR, service with the designated employers and purposes is recognized as follows: (attach an addendum to the Adoption Agreement if more than 3 employers):

	Eligibility	Vesting	Contribution Allocation
b. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. <input type="checkbox"/> Limitations: _____ (e.g., credit service with X only on/following 1/1/07 or credit all service with entities the Employer acquires after 12/31/06).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOTE: If the other Employer(s) maintained this qualified Plan, then Years (and/or Periods) of Service with such Employer(s) must be recognized pursuant to Plan Sections 1.60 and 1.85 regardless of any selections above.

18. **SERVICE CREDITING METHOD (Plan Sections 1.60 and 1.85)**

NOTE: If no selections are made in this Section, then the hours of Service method will be used (with actual Hours of Service) and the provisions set forth in the definition of Year of Service in Plan Section 1.85 will apply.

- a. **Elapsed Time Method** (Period of Service applies instead of Year of Service) shall be used for the following purposes (select all that apply):
 - 1. all purposes. (If selected, skip to Question 19.)
 - 2. eligibility to participate
 - 3. vesting
 - 4. sharing in allocations or contributions

- b. **Hours of Service Method** shall be used for the following purposes (select all that apply):
 - 1. eligibility to participate in the Plan. The eligibility computation period after the initial eligibility computation period shall:
 - a. shift to the Plan Year.
 - b. be based on each anniversary of the date the Employee first completes an Hour of Service.
 - 2. vesting. The vesting computation period shall be:
 - a. the Plan Year.
 - b. the date an Employee first performs an Hour of Service and each anniversary thereof.
 - 3. sharing in allocations or contributions (the computation period shall be the Plan Year).

AND, the following Hour of Service alternatives will apply (select all that apply):

- 4. **Equivalency Method.** Instead of using actual Hours of Service, Hours of Service will be determined using the method selected below. Such method will apply to:
 - a. all Employees.
 - b. Employees for whom records of actual Hours of Service are not maintained or available (e.g., salaried employees).

ON THE BASIS OF:

- c. days worked (10 hours per day).
- d. weeks worked (45 hours per week).
- e. semi-monthly payroll periods worked (95 hours per semi-monthly pay period).
- f. months worked (190 hours per month).
- g. bi-weekly payroll periods worked (90 hours per bi-weekly pay period).

5. **Number of Hours of Service Required.** Year of Service means the applicable computation period during which an Employee has completed at least _____ (not to exceed 1,000) Hours of Service.

VESTING

19. **VESTING OF PARTICIPANT'S INTEREST** (Plan Section 6.4(b))
- a. N/A. No Employer matching or profit sharing contributions are subject to a vesting schedule. (skip to Question 23.)
 - b. 100% for those Participants employed on _____ (enter date). For those Participants hired after such date, the vesting provisions selected below apply.
 - c. The vesting provisions selected below apply.

Vesting for Employer Matching and Profit Sharing Contributions.

- d. 100% vesting. Participants are 100% vested in Employer Matching contributions upon entering Plan. (Required if eligibility requirement is greater than 1 Year (or Period) of Service.)
- e. The following vesting schedule, based on a Participant's Years of Service (or Periods of Service if the Elapsed Time method is selected), applies to Employer nonelective contributions:
 - 1. 6 Year Graded: 0-1 year-0%; 2 years-20%; 3 years-40%; 4 years-60%; 5 years-80%; 6 years-100%
 - 2. 4 Year Graded: 1 year-25%; 2 years-50%; 3 years-75%; 4 years-100%
 - 3. 5 Year Graded: 1 year-20%; 2 years-40%; 3 years-60%; 4 years-80%; 5 years-100%
 - 4. 3 Year Cliff: 0-2 years-0%; 3 years-100%
 - 5. 7 Year Graded: 0-2 years-0%; 3 years-20%; 4 years-40%; 5 years-60%; 6 years-80%; 7 years-100%
 - 6. 5 Year Cliff: 0-4 years-0%; 5 years-100%
 - 7. Other - In calculating the vested interest held by the General Manager the vesting schedule for Employer nonelective contributions outlined in section 7(b)(2)(A)(i), 7(b)(2)(A)(ii), and 7(d) of the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County, and shown in the addendum to this Plan, shall apply.

20. **TOP-HEAVY VESTING** (Plan Section 6.4(d))
- If this Plan becomes a Top-Heavy Plan, the following vesting schedule, based on a Participant's Years of Service (or Periods of Service if the Elapsed Time method is selected) shall be as follows:
- a. N/A (the regular vesting schedule already satisfies one of the minimum top-heavy schedules).
 - b. 6 Year Graded: 0-1 year-0%; 2 years-20%; 3 years-40%; 4 years-60%; 5 years-80%; 6 years-100%
 - c. 3 Year Cliff: 0-2 years-0%; 3 years-100%
 - d. Other - Must be at least as liberal as either b. or c. above in each year without switching between the two schedules.

Service	Percentage
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

21. **EXCLUDED VESTING SERVICE**
- a. No exclusions.
 - b. Service prior to the initial Effective Date of the Plan or a predecessor plan.
 - c. Service prior to the computation period in which an Employee attains age 18.

22. **VESTING FOR DEATH AND TOTAL AND PERMANENT DISABILITY**
- Regardless of the vesting schedule, Participants shall become fully Vested upon (select a. or all that apply of b. and c.):
- a. N/A. Apply vesting schedule, or all contributions to the Plan are fully Vested.
 - b. Death.
 - c. Total and Permanent Disability.

RETIREMENT AGES

23. **NORMAL RETIREMENT AGE ("NRA")** (Plan Section 1.52) means the:
- a. date of a Participant's 65th birthday (not to exceed 65th).
 - b. later of a Participant's _____ birthday (not to exceed 65th) or the _____ (not to exceed 5th) anniversary of the first day of the Plan Year in which participation in the Plan commenced.
24. **NORMAL RETIREMENT DATE** (Plan Section 1.53) means the:
- a. Participant's NRA.
- OR (select one)
- b. first day of the month coinciding with or next following the Participant's NRA.

- c. first day of the month nearest the Participant's NRA.
- d. Anniversary Date coinciding with or next following the Participant's NRA.
- e. Anniversary Date nearest the Participant's NRA.

25. EARLY RETIREMENT DATE (Plan Section 1.21)

- a. N/A. No Early Retirement provision provided.
- b. Early Retirement Date means the:
 - 1. date on which a Participant satisfies the Early Retirement requirements.
 - 2. first day of the month coinciding with or next following the date on which a Participant satisfies the Early Retirement requirements.
 - 3. Anniversary Date coinciding with or next following the date on which a Participant satisfies the Early Retirement requirements.

AND, the Early Retirement requirements are:

- 4. Participant attains age ____.
- AND, completes.... (leave blank if not applicable)
 - a. at least _____ Years (or Periods) of Service for vesting purposes.
 - b. at least _____ Years (or Periods) of Service for eligibility purposes.

AND, shall a Participant become fully Vested upon attainment of the Early Retirement Date?

- 5. Yes.
- 6. No.

COMPENSATION

26. COMPENSATION (Plan Section 1.14) with respect to any Participant means:

- a. Wages, tips and other compensation on Form W-2.
- b. Section 3401(a) wages (wages for withholding purposes).
- c. 415 safe harbor compensation.

COMPENSATION shall be based on the following determination period:

- d. the Plan Year.
- e. the Fiscal Year coinciding with or ending within the Plan Year.
- f. the calendar year coinciding with or ending within the Plan Year.

NOTE: The Limitation Year for Code Section 415 purposes shall be the same as the determination period for Compensation unless an alternative period is specified: _____ (must be a consecutive twelve month period).

ADJUSTMENTS TO COMPENSATION

- g. N/A. No adjustments.
- h. Compensation shall be adjusted by: (select all that apply)
 - 1. including compensation which is not currently includible in the Participant's gross income by reason of the application of Code Sections 125 (cafeteria plan), 132(f)(4) (qualified transportation fringe), 402(e)(3) (401(k) plan), 402(h)(1)(B) (simplified employee pension plan), 414(h) (employer pickup contributions under a governmental plan), 403(b) (tax sheltered annuity) or 457(b) (eligible deferred compensation plan)
 - 2. excluding reimbursements or other expense allowances, fringe benefits (cash or non-cash), moving expenses, deferred compensation (other than deferrals specified in 1. above) and welfare benefits
 - 3. excluding Compensation paid during the determination period while not a Participant in the Plan
 - 4. excluding overtime
 - 5. excluding bonuses
 - 6. excluding commissions
 - 7. other: _____

(e.g., describe Compensation from the elections available above or a combination thereof as to a Participant group (e.g., no exclusions as to Division A Employees and exclude bonuses as to Division B Employees); and/or describe another exclusion (e.g., exclude shift differential pay)).

NOTE: If options 4, 5, 6., or 7. are selected, the definition of Compensation could violate the nondiscrimination rules.
NOTE: If the post-severance compensation provisions of the proposed Code Section 415 regulations were used, complete Appendix A (Special Effective Dates and Other Permitted Elections).

CONTRIBUTIONS AND ALLOCATIONS

27. FORMULA FOR DETERMINING EMPLOYER PROFIT SHARING CONTRIBUTION (Plan Section 4.3(b)) (d. may be selected in addition to b. or c.)

- a. N/A. No Employer Profit Sharing Contributions may be made (other than top-heavy minimum contributions) (skip to Question 28.)
- b. Discretionary contribution, to be determined by the Employer.
- c. Fixed contribution equal to _____% of Compensation of Participants eligible to share in allocations.

FORMULA FOR DETERMINING EMPLOYER MATCHING CONTRIBUTIONS

- 1. n/a. There will not be any Employer matching contributions.
- 2. The Employer....(select a. or b.)
 - a. may make matching contributions equal to a discretionary percentage, to be determined by the Employer, of the Participant's Elective Deferrals.
 - b. will make matching contributions equal to 50% of the Participant's Elective Deferrals or 50% Employer nonelective contributions made to the Employer's Section 457(b) Plan, plus:
 - a. N/A
 - b. an additional matching contribution of a discretionary percentage, to be determined by the Employer, but not to exceed _____% (leave blank if not applicable) of Compensation.

AND, in determining the Employer matching contribution above, for Exempt Employees, only Elective Deferrals made to the Employer's Section 457(b) Plan up to the percentage or dollar amount specified below will be matched: (select c. and/or d. OR e.)

- c. the lesser of 6% of a Participant's Compensation.
- d. \$ _____.
- e. a discretionary percentage of a Participant's Compensation or a discretionary dollar amount, the percentage or dollar amount to be determined by the Employer on a uniform basis for all Participants.

AND, in determining the Employer matching contribution above, for Non-Exempt Employees, only Elective Deferrals made to the Employer's Section 457(b) Plan up to the percentage or dollar amount specified below will be matched: (select f. and/or g. OR h.)

- f. the lesser of 2% of a Participant's Compensation.
- g. \$ _____.
- h. a discretionary percentage of a Participant's Compensation or a discretionary dollar amount, the percentage or dollar amount to be determined by the Employer on a uniform basis for all Participants.

3. For purposes of calculating the Employer match hereunder:

- i. "Exempt Employees" are those Employees who are paid on a non-hourly, salaried basis, and who receive no overtime compensation.
- j. "Non-Exempt Employees" are those Employees who are paid on an hourly basis, and who are eligible to receive overtime compensation.

Matching Limit. The Employer matching contribution made on behalf of any Participant for any Plan Year will not exceed:

- 4. N/A. No limit on the amount of matching contribution.
- 5. \$ _____.
- 6. 6% of Compensation for Exempt Employees, and 2% for Non-exempt Employees.

Period of Determination. The matching contribution formula will be applied on the following basis (and any Compensation or dollar limitation used in determining the match will be based on; the applicable period):

- 7. the Plan Year.
- 8. each payroll period.
- 9. all payroll periods ending within each month.
- 10. all payroll periods ending with or within each Plan Year quarter.
- 11. N/A, the Plan only provides for discretionary matching contributions.

CONTRIBUTION ALLOCATIONS

If b. or c. above is selected, the Employer profit sharing contribution for a Plan Year will be allocated as follows:

e. **NON-INTEGRATED ALLOCATION**

1. In the same ratio as each Participant's Compensation bears to the total of such Compensation of all Participants.
2. In the same dollar amount to all Participants (per capita).
3. In the same dollar amount per Hour of Service completed by each Participant.
4. In the same proportion that each Participant's points bears to the total of such points of all Participants. A Participant's points with respect to any Plan Year shall be computed as follows (select all that apply):
 - a. _____ point(s) shall be allocated for each Year of Service (or Period of Service if the Elapsed Time method is selected). However, the maximum Years (or Periods) of Service taken into account shall not exceed _____ (leave blank if no limit on service applies).
 - b. _____ point(s) shall be allocated for each full \$_____ (may not exceed \$200) of Compensation.
 - c. _____ point(s) shall be allocated for each year of age as of the end of the Plan Year.

AND, if 27.e.4.a. above is selected, Year of Service (or Period of Service if applicable), means:

- d. Service for eligibility purposes.
- e. Service for vesting purposes.

f. **INTEGRATED (PERMITTED DISPARITY) ALLOCATION**

In accordance with Plan Section 4.3(b)(2) based on a Participant's Compensation in excess of:

1. The Taxable Wage Base.
2. _____% (not to exceed 100%) of the Taxable Wage Base (see Note below)
3. 80% of the Taxable Wage Base plus \$1.00.
4. \$_____ (not greater than the Taxable Wage Base). (see Note below)

NOTE: The integration percentage of 57% shall be reduced to:

1. 4.3% if 2. or 4. above is more than 20% and less than or equal to 80% of the Taxable Wage Base.
2. 5.4% if 3. is selected or if 2. or 4. above is more than 80% of the Taxable Wage Base.

g. **NON-SAFE HARBOR ALLOCATION METHODS**

1. **Grouping Method:** Pursuant to Plan Section 4.3(b)(3)(vi), the classifications are (select a. or b.):

- a. Each Participant constitutes a separate classification.
- b. Define each classification and specify the method of allocating the contribution among the members of each classification (NOTE: The classifications specified below must be clearly defined in a manner that will not violate the definitely determinable allocation requirement. The design of the groups cannot be such that the only NHCEs benefiting under the Plan are those with the lowest amount of compensation and/or the shortest periods of service and who may represent the minimum number of these employees necessary to satisfy coverage under Code Section 410(b)):

Classification A shall consist of: _____. The allocation method will be: pro-rata based on Compensation or equal dollar amounts (per capita).

Classification B shall consist of: _____. The allocation method will be: pro-rata based on Compensation or equal dollar amounts (per capita).

Classification C shall consist of: _____. The allocation method will be: pro-rata based on Compensation or equal dollar amounts (per capita).

Classification D shall consist of: _____. The allocation method will be: pro-rata based on Compensation or equal dollar amounts (per capita).

Additional Classifications: _____ (specify the classifications and which of the above allocation methods (pro-rata or per capita) will be used for each classification).

NOTE: In the case of Self-Employed Individuals (i.e., sole proprietors or partners), the allocation method should not be such that a cash or deferred election is created for a Self-Employed Individual as a result of application of the allocation method.

2. **Age-Weighted Method.** The Schedule of Age-Weighted Allocation Factors is set forth in attached Exhibit A (which is hereby incorporated by reference and made a part of the Plan) and shall be based on the following interest rate (if no selection is made, c. shall be deemed to have been selected):
- a. 7.5% interest
 - b. 8.0% interest
 - c. 8.5% interest

28. **REQUIREMENTS TO SHARE IN ALLOCATIONS OF EMPLOYER MATCHING AND PROFIT SHARING CONTRIBUTIONS AND FORFEITURES (select a. OR b. and all that apply of c., d., or e.)**

- a. **No conditions.** All Participants share in the allocations regardless of service completed during the Plan Year or employment status at the end of the Plan Year. (skip to next Question.)
- b. **Conditions for Participants NOT employed at the end of the Plan Year.**
 - 1. A Participant must complete more than _____ (not to exceed 500) Hours of Service (or _____ (not to exceed 3) months of service if the Elapsed Time method is selected)
 - 2. A Participant must complete a Year of Service (or Period of Service if the Elapsed Time method is selected). (Could cause the Plan to violate coverage requirements under Code Section 410(b).)
 - 3. Participants will NOT share in the allocations, regardless of service. (Could cause the Plan to violate coverage requirements under Code Section 410(b).)
 - 4. Participants will share in the allocations, regardless of service.
 - 5. Other: _____ (must be definitely determinable, not subject to Employer discretion and may not require more than one Year of Service (or Period of Service if the Elapsed Time method is elected)).
- c. **AND, Waiver of conditions for Participants NOT employed at the end of the Plan Year.** Participants who are not employed at the end of the Plan Year due to the following shall be eligible to share in the allocations regardless of the above conditions (select all that apply):
 - 1. Death.
 - 2. Total and Permanent Disability
 - 3. Early or Normal Retirement
- d. **Conditions for Participants employed at the end of the Plan Year.** (Options 2. and 3. could cause the Plan to violate coverage requirements under Code Section 410(b))
 - 1. No service requirement.
 - 2. A Participant must complete a Year of Service (or Period of Service if the Elapsed Time method is selected).
 - 3. A Participant must complete at least _____ (not to exceed 1,000) Hours of Service during the Plan Year.
- e. **Code Section 410(b) fail-safe.** If b.2. or 3. and/or d.2. or 3. is selected, shall the Code Section 410(b) ratio percentage fail-safe provisions apply (Plan Section 4.3(m))?
 - 1. No or N/A.
 - 2. Yes, the Plan must satisfy the ratio percentage test of Code Section 410(b).

29. **FORFEITURES (Plan Sections 1.34 and 4.3(e))**

- A. **Timing of Forfeiture.** Except as provided in Plan Section 1.34, a Forfeiture will occur (if no selection is made, b. will apply):
- a. N/A. (May only be selected if all contributions are fully Vested; skip to Question 30.)
 - b. As of the earlier of (1) the last day of the Plan Year in which the Former Participant incurs five (5) consecutive 1-Year Breaks in Service, or (2) the distribution of the entire Vested portion of the Participant's Account.
 - c. As of the last day of the Plan Year in which the Former Participant incurs five (5) consecutive 1-Year Breaks in Service

AND, the Forfeiture will be disposed of in:

- d. The Plan Year in which the Forfeiture occurs.
 - e. The Plan Year following the Plan Year in which the Forfeiture occurs.
- B. **Plan Expenses.** May Forfeitures first be used to pay any administrative expenses?
- f. Yes.
 - g. No.
- C. **Use of Forfeitures.**
Forfeitures will be:
- h. added to any Employer discretionary contribution and allocated in the same manner.
 - i. used to reduce any Employer contribution.
 - j. allocated to all Participants eligible to share in the allocations of profit sharing contributions or Forfeitures in the same proportion that each Participant's Compensation for the Plan Year bears to the Compensation of all Participants for such year.

k. other: _____ (describe the treatment of Forfeitures in a manner that is definitely determinable and not subject to Employer discretion; e.g., Forfeitures attributable to transferred balances from Plan X are allocated as additional discretionary contributions only to former Plan X Participants).

30. ALLOCATION OF EARNINGS (Plan Section 4.3(c))
 Allocation of earnings with respect to amounts which are not subject to Participant investment direction and which are contributed to the Plan after the previous Valuation Date will be determined:

- a. N/A. All assets in the Plan are subject to Participant investment direction.
- b. by using a weighted average based on the amount of time that has passed between the date a contribution or distribution is made and the prior Valuation Date.
- c. by treating one-half of all such contributions as being a part of the Participant's nonsegregated account balance as of the previous Valuation Date.
- d. by using the method specified in Plan Section 4.3(c) (balance forward method).
- e. other: _____ (must be a definite predetermined formula that is not based on Compensation, that satisfies the nondiscrimination requirements of Regulation Section 1.401(a)(4)-4 and that is applied uniformly to all Participants).

31. TOP-HEAVY MINIMUM ALLOCATION
 The minimum allocation requirements for any Top-Heavy Plan Year shall be applied (select one):

- a. Only to Non-Key Employee Participants.
- b. To both Non-Key and Key Employee Participants.

DISTRIBUTIONS

32. FORM OF DISTRIBUTIONS (Plan Sections 6.5 and 6.6)
 Distributions under the Plan may be made in (select all that apply)

- a. Lump-sums.
- b. Substantially equal installments.
- c. Partial withdrawals, provided the minimum withdrawal is \$ _____ (leave blank if no minimum).
- d. Partial withdrawals or installments are only permitted for required minimum distributions under Code Section 401(a)(9).
- e. Other: _____ (must be definitely determinable and not subject to Employer discretion).

AND, pursuant to Plan Section 6.13, the Qualified Joint and Survivor Annuity and Qualified Pre-Retirement Survivor Annuity provisions:

- f. Do not apply. No annuities are allowed (Plan Section 6.13(b) will apply and the joint and survivor rules of Code Sections 401(a)(11) and 417 will not apply to the Plan). (skip to m. and n.)
- g. Apply. Annuities are the normal form of distribution. Plan Section 6.13 will not apply and the joint and survivor rules of Code Sections 401(a)(11) and 417 will automatically apply. The Pre-Retirement Survivor Annuity (minimum spouse's death benefit) will be equal to:
 - 1. 100% of a Participant's interest in the Plan
 - 2. 50% of a Participant's interest in the Plan
 - 3. _____ % (may not be less than 50%) of a Participant's interest in the Plan.
- h. Apply if annuity is selected by Participant. Annuities are allowed but are not the normal form of distribution. Plan Section 6.13(c) will apply and the joint and survivor rules of Code Sections 401(a)(11) and 417 will apply only if an annuity form of distribution is selected by a Participant.

AND, if g. or h. is selected, the normal form of the Qualified Joint and Survivor Annuity will be a joint and 50% survivor annuity unless otherwise selected below:

- i. N/A.
- j. Joint and 100% survivor annuity.
- k. Joint and 75% survivor annuity.
- l. Joint and 66 2/3% survivor annuity.

NOTE: If only a portion of the Plan assets may be distributed in an annuity form of payment, then select both f. AND g. and specify the assets that are subject to the joint and survivor annuity provisions: _____ (e.g., the money purchase pension plan that was merged into this Plan).

AND, distributions may be made in:

- m. Cash only.
- n. Cash only (except for insurance contracts, annuity contracts or Participant loans).
- o. Cash or property, except that the following limitation(s) apply: _____ (leave blank if there are no limitations on property distributions).

33. CONDITIONS FOR DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT. Distributions upon termination of employment pursuant to Plan Section 6.4(a) will not be made unless the following conditions have been satisfied:

A. Accounts in excess of \$5,000.

- a. Distributions may be made as soon as administratively feasible following termination of employment.
- b. Distributions may be made as soon as administratively feasible after the Participant has incurred _____ 1-Year Break(s) in Service (or Period(s) of Severance if the Elapsed Time method is selected).
- c. Distributions may be made as soon as administratively feasible after the last day of the Plan Year coincident with or next following termination of employment.
- d. Distributions may be made as soon as administratively feasible after the last day of the Plan Year quarter coincident with or next following termination of employment.
- e. Distributions may be made as soon as administratively feasible after the Valuation Date coincident with or next following termination of employment.
- f. Distributions may be made as soon as administratively feasible after _____ months have elapsed following termination of employment.
- g. No distributions may be made until a Participant has reached Early or Normal Retirement Date.
- h. Other: _____ (must be objective conditions which are ascertainable and are not subject to Employer discretion except as otherwise permitted in Regulation Section 1.411(d)-4 and may not exceed the limits of Code Section 401(a)(14) as set forth in Plan Section 6.7).

B. Accounts of \$5,000 or less.

- i. Same as above.
- j. Distributions may be made as soon as administratively feasible following termination of employment.
- k. Distributions may be made as soon as administratively feasible after the Participant has incurred _____ 1-Year Break(s) in Service (or Period(s) of Severance if the Elapsed Time method is selected).
- l. Distributions may be made as soon as administratively feasible after the last day of the Plan Year coincident with or next following termination of employment.
- m. Other: _____ (must be objective conditions which are ascertainable and are not subject to Employer discretion except as otherwise permitted in Regulation Section 1.411(d)-4 and may not exceed the limits of Code Section 401(a)(14) as set forth in Plan Section 6.7).

C. Participant consent (i.e., involuntary cash-outs). Should vested account balances less than a certain dollar threshold be automatically distributed without Participant consent (mandatory distributions)?

NOTE: The Plan provides that distributions of amounts of \$5,000 or less do not require spousal consent and are only paid as lump-sums.

NOTE: If this is an EGTRRA restatement and there are special effective dates for the Participant consent provisions, complete n. or o. based on the current Plan provisions and complete q. or r. below.

- n. No Participant consent is required for all distributions.
- o. Yes. Participant consent is required only if the distribution is over:
 - 1. \$5,000
 - 2. \$1,000
 - 3. \$ _____ (less than \$1,000)

NOTE: If 2. or 3. is selected, rollovers will be included in determining the threshold for Participant consent.

AND, if this is an EGTRRA restatement, the following apply:

- p. N/A. Not an EGTRRA restatement.
- q. Provisions above at n. or o. apply to distributions made on or after March 28, 2005.
- r. Provisions above at n. or o. are effective for distributions made on or after _____ (enter a date later than March 28, 2005). The following applies to distributions prior to such date but after March 28, 2005:
 - 1. No mandatory distributions.
 - 2. Participant consent is required only if the distribution is over:
 - a. \$5,000
 - b. \$1,000
 - c. \$ _____ (less than \$1,000)

D. Exclusion of rollovers in determination of \$5,000 threshold. In determining the \$5,000 threshold (or other dollar threshold in C. above) for the timing of distributions, form of distributions, or consent rules, effective for distributions made after December 31, 2001, rollover contributions will be:

- s. included.
- t. excluded.

34. DISTRIBUTIONS UPON DEATH (Plan Section 6.8(b)(2))
Distributions upon the death of a Participant prior to receiving any benefits shall:

- a. be made pursuant to the election of the Participant or Beneficiary.

- b. begin within 1 year of death for a designated Beneficiary and be payable over the life (or over a period not exceeding the life expectancy) of such Beneficiary, except that if the Beneficiary is the Participant's spouse, begin prior to December 31st of the year in which the Participant would have attained age 70 1/2.
- c. be made within 5 (or if lesser _____) years of death for all Beneficiaries.
- d. be made within 5 (or if lesser _____) years of death for all Beneficiaries, except that if the Beneficiary is the Participant's spouse, begin prior to December 31st of the year in which the Participant would have attained age 70 1/2 and be payable over the life (or over a period not exceeding the life expectancy) of such surviving spouse.

35. **HARDSHIP DISTRIBUTIONS (Plan Sections 6.12 and/or 12.9)**

- a. Hardship distributions are NOT permitted.
- b. Hardship distributions are permitted from the following Participant Accounts:
 - 1. All Accounts.
 - 2. Only from the following Accounts (select all that apply):
 - a. Account attributable to Employer profit sharing contributions
 - b. Rollover Account.
 - c. Transfer Account.
 - d. Other: _____ (specify account(s) and conditions in a manner that is definitely determinable and not subject to Employer discretion).

AND, shall the safe harbor hardship rules of Plan Section 12.9 apply to hardship distributions made from all Accounts?

- 3. No or N/A.
- 4. Yes.

AND, the following limitations apply to hardship distributions:

- 5. N/A. No additional limitations.
- 6. Additional limitations (select all that apply):
 - a. The minimum amount of a distribution is \$ _____ (may not exceed \$1,000).
 - b. No more than _____ distribution(s) may be made to a Participant during a Plan Year.
 - c. Distributions may only be made from accounts which are fully Vested.
 - d. A Participant does not include a former Employee at the time of the hardship distribution.
 - e. Hardship distributions may be made subject to the following provisions: _____ (must be definitely determinable and not subject to Employer discretion).

36. **IN-SERVICE DISTRIBUTIONS (Plan Section 6.11)**

- a. In-service distributions are NOT permitted (except as otherwise selected for Hardship Distributions).
- b. In-service distributions may be made to a Participant who has not separated from service provided any of the following conditions have been satisfied (select all that apply):
 - 1. the Participant has attained age 59 1/2
 - 2. the Participant has reached Normal Retirement Age.
 - 3. the Participant has been a Participant in the Plan for at least _____ years (may not be less than five (5)).
 - 4. the amounts being distributed have accumulated in the Plan for at least 2 years.

AND, in-service distributions are permitted from the following Participant Accounts:

- 5. All Accounts
- 6. Only from the following Accounts (select all that apply):
 - a. Account attributable to Employer profit sharing contributions.
 - b. Rollover Account.
 - c. Transfer Account.
 - d. Other: _____ (specify account(s) and conditions in a manner that is definitely determinable and not subject to Employer discretion).

AND, the following limitations apply to in-service distributions:

- 7. N/A. No additional limitations.
- 8. Additional limitations (select all that apply):
 - a. The minimum amount of a distribution is \$ _____ (may not exceed \$1,000).
 - b. No more than _____ distribution(s) may be made to a Participant during a Plan Year.
 - c. Distributions may only be made from accounts which are fully Vested.
 - d. In-service distributions may be made subject to the following provisions: _____ (must be definitely determinable and not subject to discretion).

MISCELLANEOUS

37. **LOANS TO PARTICIPANTS (Plan Section 7.6)**

- a. Loans are NOT permitted.
- b. Loans are permitted.

38. DIRECTED INVESTMENTS (Plan Section 4.10)
- a. Participant directed investments are NOT permitted.
 - b. Participant directed investments are permitted for:
 - 1. All Accounts.
 - 2. The following Participant Accounts (select all that apply):
 - a. Account attributable to Employer profit sharing contributions.
 - b. Rollover Account.
 - c. Transfer Account.
 - d. Other: _____ (specify account(s) and conditions in a manner that is definitely determinable and not subject to Employer discretion).

AND, is it intended that the Plan comply with ERISA Section 404(c) with respect to the accounts subject to Participant investment direction?

- 3. No.
- 4. Yes.

39. ROLLOVERS (Plan Section 4.6)
- a. Rollovers will NOT be accepted by this Plan.
 - b. Rollovers will be accepted by this Plan, subject to approval by the Administrator.

AND, if b. is selected, rollovers may be accepted from all Participants who are Employees as well as the following (select all that apply):

- 1. Eligible Employees who are not Participants
- 2. Participants who are Former Employees.

AND, distributions from a Participant's Rollover Account may be made:

- 3. at any time.
- 4. only when the Participant is otherwise entitled to a distribution under the Plan.

40. HIGHLY COMPENSATED EMPLOYEE (Plan Section 4.38)
- The top-paid group election and the calendar year data election are not used unless selected below (the selections made for the latest year will continue to apply to subsequent Plan Years unless the Plan is amended):
- a. The Top-Paid Group Election will be used for Plan Years beginning on or after _____.
 - b. The Calendar Year Data Election will be used for Plan Years beginning on or after _____.

EGTRRA TRANSITION RULES

The following questions only apply if this is an EGTRRA restatement (i.e., Question 6.c. is selected). If this is not an EGTRRA restatement, then this Plan will not be considered an individually designed plan merely because the following questions are deleted from the Adoption Agreement.

NOTE: The following provisions are designed to be left unanswered if the selections do not apply to the Plan.

41. MINIMUM DISTRIBUTIONS. The Code Section 401(a)(9) Final and Temporary Treasury Regulations apply for purposes of determining required minimum distributions for calendar years beginning with the 2002 calendar year unless otherwise selected below (leave blank if not applicable):
- a. Apply the 2001 Proposed Code Section 401(a)(9) Regulations to all minimum distributions for the 2002 distribution calendar year.
 - b. Apply the 1987 Proposed Code Section 401(a)(9) Regulations to all minimum distributions for the 2002 distribution calendar year.
 - c. Other: _____ (specify the date the Final and Temporary Regulations were first applied; e.g., the Final and Temporary Regulations only apply to distributions for the 2002 distribution calendar year that are made on or after a specified date *within* 2002 or the Plan's initial Effective Date if later).

Required minimum distributions for calendar year 2001 were made in accordance with Code Section 401(a)(9) and the 1987 Proposed Regulations, unless selected below:

- d. Required minimum distributions for 2001 were made pursuant to the proposed Regulations under Code Section 401(a)(9) published in the Federal Register on January 17, 2001 (the "2001 Proposed Regulations").

42. EXCLUSION OF ROLLOVERS. If rollovers are excluded in determining whether the mandatory distribution threshold (e.g., \$5,000) is met for the timing of distributions, form of distributions, or consent rules, then such provision is effective for distributions made after December 31, 2001, unless an alternative effective date is selected below (leave blank if not applicable):
- a. Rollover contributions will be excluded only with respect to distributions made after _____. (Enter a date no earlier than December 31, 2001 or the Plan's initial Effective Date if later.)
 - b. Rollover contributions will only be excluded with respect to Participants who separated from service after _____. (Enter a date. The date may be earlier than December 31, 2001.)

Volume Submitter Profit Sharing Plan

The adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under Code Section 401 only to the extent provided in Rev. Proc. 2005-16.

The Employer may not rely on the advisory letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the advisory letter issued with respect to the Plan and in Rev. Proc. 2005-16. In order to have reliance in such circumstances or with respect to such qualification requirements, application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

This Adoption Agreement may be used only in conjunction with the Volume Submitter basic Plan document #01. This Adoption Agreement and the basic Plan document shall together be known as Randall & Hurley, Inc. Volume Submitter Profit Sharing Plan #01-001.

The adoption of this Plan, its qualification by the IRS, and the related tax consequences are the responsibility of the Employer and its independent tax and legal advisors.

Randall & Hurley, Inc. will notify the Employer of any amendments made to the Plan or of the discontinuance or abandonment of the Plan. Furthermore, in order to be eligible to receive such notification, the Employer agrees to notify Randall & Hurley, Inc. of any change in address.

This Plan may not be used, and shall not be deemed to be a Volume Submitter Plan, unless an authorized representative of Randall & Hurley, Inc. has acknowledged the use of the Plan. Such acknowledgment is for administrative purposes only. It acknowledges that the Employer is using the Plan but does not represent that this Plan, including the choices selected on the Adoption Agreement, has been reviewed by a representative of the sponsor or constitutes a qualified retirement plan.

Randall & Hurley, Inc.

By: _____

With regard to any questions regarding the provisions of the Plan, adoption of the Plan, or the effect of an advisory letter from the IRS, call or write (this information must be completed by the sponsor of this Plan or its designated representative):

Name: Randall & Hurley, Inc.

Address: 601 W. Riverside, Suite 1600

Spokane Washington 99201

Telephone: 509-838-5500

The Employer and Trustee (or Insurer) hereby cause this Plan to be executed on the date(s) specified below:

EMPLOYER: Public Utility District No. 1 of Okanogan County

By: _____

DATE SIGNED

TRUSTEE (OR INSURER)

The signature of the Trustee or Insurer appears on a separate agreement or Contract,

OR

TRUSTEE OR INSURER

DATE SIGNED

Addendum

This addendum outlines the provisions in the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County.

1. This addendum applies to the Public Utility District No. 1 of Okanogan County 401(a) plan. The Public Utility District No. 1 of Okanogan County is a governmental organization and, as such, the Public Utility District No. 1 of Okanogan County 401(a) plan is not subject to the provisions of Title I of ERISA including any IRS provisions that reference ERISA code.
2. The additional contributions referred to in Addendum item #3 below are Employer nonelective contributions allocated to the General Manager and based upon the formula in Section 5(b)(2) of the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County.
3. The Employer nonelective contributions are subject to forfeiture based upon the conditions outlined in the Employment Agreement between the General Manager and the Public Utility District No. 1 of Okanogan County. These conditions are as follows:
 - 7(d) The additional employer contributions to the 401(a) Plan under Section 5(b)(2) will be distributed or forfeited as follows:
 - (1) If the termination occurs during the initial five-year term of this Agreement:
 - (A) The additional contributions as adjusted for net accrued earnings will be distributed in accordance with the terms of the 401(a) Plan if the termination is for one of the same reasons as under subsection 7(b)(2)(A)(i) of the Employment Agreement.
 - (B) The additional contributions as adjusted for net accrued earnings shall be completely forfeited if the termination is for one of the same reasons as under subsection 7(b)(2)(A)(ii) of the Employment Agreement.
 - (2) If the termination occurs after the initial five-year term of the Employment Agreement:
 - (A) The additional contributions as adjusted for net accrued earnings will be distributed in accordance with the terms of the 401(a) Plan if the termination is for one of the same reasons as under the subsection (b)(2)(A)(i) of the Employment Agreement.
 - (B) The additional benefits together with net accrued earnings will be completely forfeited if the General Manager is terminated for Cause (under Section 6(a)).
 - (C) If the General Manager voluntarily terminates employment and gives the 180-day notice required under Section 6(c):
 - (i) If the voluntary termination occurs before the General Manager attains age 65, a portion of the additional benefits together with net accrued earnings will be forfeited and the remaining balance will be distributed in accordance with the terms of the 401(a) Plan. The portion to be forfeited will be determined by multiplying the total account balance under each plan (as determined as of the date of termination in accordance with the provisions of that plan) by a fraction, the numerator of which is 60 and the denominator of which is the number of whole calendar months completed by the General Manager since the effective date of this Agreement.
 - (ii) If the voluntary termination occurs on or after the date the General Manager attains age 65, the entire balance of the additional benefits together with the net accrued earnings will be distributed in accordance with the terms of the 401(a) Plan.
 - (D) If the General Manager voluntarily terminates employment without giving the 180-day notice required under Section 6(c):
 - (i) If the voluntary termination occurs before the General Manager attains age 65, the forfeiture/distribution provisions of subparagraph (C)(i) above will apply, except that "72" shall be substituted for "60" in the numerator.
 - (ii) If the voluntary termination occurs on or after the date the General Manager attains age 65, the forfeiture/distribution provisions of subparagraph (C)(i) above will apply without adjusting the numerator.

**APPENDIX A
SPECIAL EFFECTIVE DATES AND OTHER PERMITTED ELECTIONS**

- A. Special effective dates.** The following special effective dates apply: (Select a. or all that apply at b. - d.)
- a. N/A. No special effective dates selected below.
 - b. **Employer Profit Sharing Contributions.** The Employer Profit Sharing Contribution provisions under Questions 27. and 28. are effective: _____.
 - c. **Distribution elections.** The distribution elections under Questions _____ (Choose 32 - 36. as applicable) are effective: _____.
 - d. **Other special effective date(s):** 1) The trustee changed 1/1/2008 to the Director of Finance; 2) Discretionary Profit Sharing contributions and loan provision added 1/1/2008; 3) Normal Retirement Age added 1/1/2008; 4) Clarified matching contribution formula 1/1/2008. Compensation will change 1/1/2009 to include all Compensation. For periods prior to the above-specified special effective date(s), the Plan terms in effect prior to its restatement under this Adoption Agreement will control for purposes of the designated provisions. A special effective date may not result in the delay of a Plan provision beyond the permissible effective date under any applicable law.
- B. Other Permitted Elections.** Select a. or any of the following elections that apply at b. - o.:
- a. N/A. No other elections selected below.
 - b. **Deemed 125 compensation** (Plan Sections 1.14 and 1.37). Deemed 125 compensation shall be included in Compensation and 415 Compensation effective as of Plan Years and Limitation Years beginning on or after _____ (insert the later of January 1, 1998, or the first day of the first Plan Year the Plan used this definition).
 - c. **Reemployed after 1-Year Break in Service ("rule of parity" provisions)** (Plan Section 3.5(d)). The "rule of parity" provisions in Plan Section 3.5(d) shall not apply for (select one or both):
 - 1. Eligibility purposes.
 - 2. Vesting purposes.
 - d. **Beneficiary if no beneficiary elected by Participant** (Plan Section 6.2(e)). In the event no valid designation of Beneficiary exists, then in lieu of the order set forth in Plan Section 6.2(e), the following order of priority will be used: _____ (specify an order of beneficiaries; e.g., children, per stirpes, parents, and then step-children).
 - e. **Distribution from partially Vested account** (Plan Section 6.5(h)). In lieu of the formula set forth in Plan Section 6.5(h), a separate account shall be established for the Participant's interest in the Plan as of the time of the distribution, and at any relevant time the Participant's Vested portion of the separate account will be equal to an amount determined as follows: $P/(AB) + (R \times D) - (R \times D)$ where R is the ratio of the account balance at the relevant time to the account balance after distribution and the other terms have the same meaning as in Plan Section 6.5(h).
 - f. **Common, collective or pooled trust funds** (Plan Sections 7.2(c)(5) and/or 7.3(b)(6)). The name(s) of the common, collective or pooled trust funds available under the Plan is (are): _____.
 - g. **411(d)(6) protected benefits** (Plan Section 8.1(b)). The following are Code Section 411(d)(6) protected benefits that are preserved under this Plan: _____ (specify the protected benefits and the accrued benefits that are subject to the protected benefits).
 - h. **415 Limits when 2 defined contribution plans are maintained** (Plan Section 4.4). If any Participant is covered under another qualified defined contribution plan maintained by the Employer, or if the Employer maintains a welfare benefit fund, as defined in Code Section 419(e), or an individual medical account, as defined in Code Section 415(l)(2), under which amounts are treated as "annual additions" with respect to any Participant in this Plan, then the provisions of Plan Section 4.4(b) will apply unless otherwise specified below:
 - 1. Specify, in a manner that precludes Employer discretion, the method under which the plans will limit total "annual additions" to the "maximum permissible amount" and will properly reduce any "excess amounts": The benefit in this plan will be limited.
 - i. **Top-heavy duplications when 2 defined contribution plans are maintained** (Plan Section 4.3(f)). When a Non-Key Employee is a Participant in this Plan and another defined contribution plan maintained by the Employer, indicate which method shall be utilized to avoid duplication of top-heavy minimum benefits:
 - 1. N/A. The Employer does not maintain another qualified defined contribution plan.
 - 2. The full top-heavy minimum will be provided in each plan.
 - 3. A minimum, non-integrated contribution of 3% of each Non-Key Employee's 415 Compensation shall be provided in the Money Purchase Plan (or other plan subject to Code Section 412).
 - 4. Specify the method under which the Plans will provide top-heavy minimum benefits for Non-Key Employees that will preclude Employer discretion and avoid inadvertent omissions, including any adjustments required under Code Section 415: The 3% top heavy benefit will be provided in this plan.

NOTE: If 3. or 4. is selected and both plans do not benefit the same Participants, then the uniformity requirement of the Regulations under Code Section 401(a)(4) may be violated.

j. **Top-heavy duplications when a defined benefit plan is maintained** (Plan Section 4.3(i)). When a Non-Key Employee is a Participant in this Plan and a non-frozen defined benefit plan maintained by the Employer, indicate which method shall be utilized to avoid duplication of top-heavy minimum benefits: (If 2., 3., 4., or 5. is selected, 6. must be completed.)

- 1. N/A.
- 2. The full top-heavy minimum will be provided in each plan (if selected, Plan Section 4.3(i) shall not apply).
- 3. 5% defined contribution minimum.
- 4. 2% defined benefit minimum.
- 5. Specify the method under which the Plans will provide top-heavy minimum benefits for Non-Key Employees that will preclude Employer discretion and avoid inadvertent omissions: _____

NOTE: If 3., 4., or 5. is selected and the defined benefit plan and this Plan do not benefit the same Participants, the uniformity requirement of the Regulations under Code Section 401(a)(4) may be violated.

AND, the "present value" (Plan Section 9.2) for top-heavy purposes shall be based on:

- 6. Interest Rate: _____
Mortality Table: _____
- 7. The interest rate and mortality table specified to determine "present value" for top-heavy purposes in the defined benefit plan.

k. **Recognition of Service with other employers** (Plan Sections 1.60 and 1.85) Service with the following employers (in addition to those specified at Question 17.) will be recognized as follows:

	Eligibility	Vesting	Contribution Allocation
1. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. <input type="checkbox"/> Employer name: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. <input type="checkbox"/> Limitations: _____ (e.g., credit service with _____ only on/following 1/1/07 or credit all service with entities the Employer acquires after 12/31/06).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

l. **Post-severance Compensation (Code Section 415)** (Plan Section 1.14(e)). The post-severance Compensation provisions of the Proposed 415 Regulations shall apply to this Plan for Limitation Years and Plan Years beginning prior to July 1, 2007 and on or after _____ (may not be earlier than 2005). Specify any special rules that apply to the application of the Proposed 415 Regulations (e.g., whether the Regulations apply solely for 415 Compensation or for Compensation used for benefit or allocation purposes) _____

m. **Pre-amendment vesting schedule** (Plan Section 6.4(g)). The vesting schedule has been amended to a less favorable schedule and the following schedule applies to Participants who elected, pursuant to Plan Section 6.4(g), to continue vesting under the pre-amendment schedule (may only enter the vesting schedule in the Plan prior to the amendment):

Service	Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

n. **Offset if contributions to leasing organization plan** (Plan Section 1.46). The Employer will reduce allocations to this Plan for any Leased Employee to the extent that the leasing organization contributes to or provides benefits under a leasing organization plan to or for the Leased Employee and which are attributable to the Leased Employee's services for the Employer.

o. **Minimum distribution transitional rules (Plan Section 6.8(e)(5))**

NOTE: This Section does not apply to (1) a new Plan or (2) an amendment or restatement of an existing Plan that never contained the provisions of Code Section 401(a)(9) as in effect prior to the amendments made by the Small Business Job Protection Act of 1996 (SBJPA).

The "required beginning date" for a Participant who is not a "five percent (5%) owner" is:

1. April 1st of the calendar year following the year in which the Participant attains age 70 1/2. (The pre-SBJPA rules continue to apply.)
2. April 1st of the calendar year following the later of the year in which the Participant attains age 70 1/2 or retires (the post-SBJPA rules), with the following exceptions (select one or both and if no election is made, both will apply effective as of January 1, 1996):
 - a. A Participant who was already receiving required minimum distributions under the pre-SBJPA rules as of _____ (not earlier than January 1, 1996) was allowed to stop receiving distributions and have them recommence in accordance with the post-SBJPA rules. Upon the recommencement of distributions, if the Plan permits annuities as a form of distribution then the following apply:
 1. N/A. Annuity distributions are not permitted.
 2. Upon the recommencement of distributions, the original Annuity Starting Date will be retained.
 3. Upon the recommencement of distributions, a new Annuity Starting Date is created.
 - b. A Participant who had not begun receiving required minimum distributions as of _____ (not earlier than January 1, 1996) was allowed to defer commencement of distributions until retirement. The option to defer the commencement of distributions applied to all such Participants unless elected below:
 1. The in-service distribution option was eliminated with respect to Participants who attained age 70 1/2 in or after the calendar year that began after the later of (1) December 31, 1998, or (2) the adoption date of the amendment and restatement to bring the Plan into compliance with SBJPA.

**APPENDIX B
ADMINISTRATIVE ELECTIONS**

The following are optional administrative provisions. The Administrator may implement procedures that override any elections in this section without a formal Plan amendment. In addition, modifications to this Appendix B will not affect an Employer's reliance on an IRS advisory letter or determination letter.

- A. **Loan Limitations.** Note: the separate loan program required by the DOL will override any inconsistent selections made below. (complete only if loans to Participants are permitted)
- a. N/A. No loan limitations selected below.
 - b. Limitations (select all that apply):
 - 1. Loans will be treated as Participant directed investments.
 - 2. Loans will only be made for hardship or financial necessity (as defined in the loan program).
 - 3. The minimum loan will be \$ 1,000 (may not exceed \$1,000).
 - 4. A Participant may only have 2 (e.g., one (1)) loan(s) outstanding at any time.
 - 5. All outstanding loan balances will become due and payable in their entirety upon the occurrence of a distributable event (other than satisfaction of the conditions for an in-service distribution (including a hardship distribution), if applicable).
 - 6. Loans are repaid by (if left blank, then payroll deduction applies):
 - a. payroll deduction
 - b. ACH (Automated Clearing House)
 - c. check
 - 7. Loans will only be permitted from the following Participant Accounts (select all that apply or leave blank if no limitations apply):
 - a. Account attributable to Employer profit sharing contributions.
 - b. Rollover Account.
 - c. Transfer Account.
 - d. Other: _____

AND, if loans are restricted to certain accounts, the limitations of Code Section 72(p) and the adequate security requirement of the DOL Regulations will be applied:

- e. by determining the limits by only considering the restricted accounts.
- f. by determining the limits taking into account a Participant's entire interest in the Plan.

- B. **Life Insurance.** (Plan Section 7.5)
- a. Life insurance may not be purchased.
 - b. Life insurance may be purchased...
 - 1. at the option of the Administrator.
 - 2. at the option of the Participant.

AND, the purchase of initial or additional life insurance will be subject to the following limitations:

- 3. N/A. No limitations.
- 4. Limitations (select all that apply):
 - a. Each initial Contract will have a minimum face amount of \$ _____.
 - b. Each additional Contract will have a minimum face amount of \$ _____.
 - c. The Participant has completed _____ Years (or Periods) of Service.
 - d. The Participant has completed _____ Years (or Periods) of Service while a Participant in the Plan.
 - e. The Participant is under age _____ on the Contract issue date.
 - f. The maximum amount of all Contracts on behalf of a Participant may not exceed \$ _____.
 - g. The maximum face amount of any life insurance Contract will be \$ _____.

- C. **Plan Expenses.** Will the Plan assess against an individual Participant's account certain Plan expenses that are incurred by, or are attributable to, a particular Participant based on use of a particular Plan feature?
- a. No.
 - b. Yes.

- D. **Rollover Limitations.** Will the Plan accept rollover contributions and/or direct rollovers of distributions from the sources specified below?
- a. No.
 - b. Yes.

AND, indicate the sources of rollovers that will be accepted (select all that apply)

- 1. **Direct Rollovers.** The Plan will accept a direct rollover of an eligible rollover distribution from: (Check each that applies or none.)
 - a. a qualified plan described in Code Section 401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), excluding after-tax employee contributions.

- b. a qualified plan described in Code Section 401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), including after-tax employee contributions.
 - c. a plan described in Code Section 403(a) (an annuity plan), excluding after-tax employee contributions.
 - d. a plan described in Code Section 403(a) (an annuity plan), including after-tax employee contributions.
 - e. a plan described in Code Section 403(b) (a tax-sheltered annuity), excluding after-tax employee contributions.
 - f. a plan described in Code Section 403(b) (a tax-sheltered annuity), including after-tax employee contributions.
2. **Participant Rollover Contributions from Other Plans (i.e., not via a direct plan-to-plan transfer).** The Plan will accept a contribution of an eligible rollover distribution. (Check each that applies or none.)
- a. a qualified plan described in Code Section 401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan).
 - b. a plan described in Code Section 403(a) (an annuity plan).
 - c. a plan described in Code Section 403(b) (a tax-sheltered annuity).
3. **Participant Rollover Contributions from IRAs:** The Plan will accept a rollover contribution of the portion of a distribution from a traditional IRA that is eligible to be rolled over and would otherwise be includible in gross income. Rollovers from Roth IRAs or a Coverdell Education Savings Account (formerly known as an Education IRA) are not permitted, because they are not traditional IRAs. A rollover from a SIMPLE IRA is allowed if the amounts are rolled over after the individual has been in the SIMPLE IRA for at least two years.

AMENDMENT FOR THE FINAL 415 REGULATIONS

ARTICLE I
PREAMBLE

- 1.1 **Effective date of Amendment.** This Amendment is effective for limitation years and plan years beginning on or after July 1, 2007, except as otherwise provided herein.
- 1.2 **Superseding of inconsistent provisions.** This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Employer's election.** The Employer adopts all Articles of this Amendment, except those Articles that the Employer specifically elects not to adopt.
- 1.4 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.
- 1.5 **Effect of restatement of Plan.** If the Employer restates the Plan, then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document which incorporates the final Code §415 Regulation provisions).
- 1.6 **Adoption by volume submitter practitioner.** Except as otherwise provided herein, pursuant to the provisions of the Plan and Section 5.01 of Revenue Procedure 2005-16, the sponsor hereby adopts this Amendment on behalf of all adopting employers.

ARTICLE II
EMPLOYER ELECTIONS

The Employer only needs to complete the questions in Section 2.2 in order to override the default provisions set forth below. If the Plan will use all of the default provisions, then these questions should be skipped and the Employer does not need to execute this amendment.

- 2.1 **Default Provisions.** Unless the Employer elects otherwise in Section 2.2, the following defaults will apply:
- a. The provisions of the Plan setting forth the definition of compensation for purposes of Code §415 (hereinafter referred to as "415 Compensation") as well as compensation for purposes of determining highly compensated employees pursuant to Code §414(q) and for top-heavy purposes under Code §416 (including the determination of key employees), shall be modified by (1) including payments for unused sick, vacation or other leave and payments from nonqualified unfunded deferred compensation plans (Amendment Section 3.2(b)); (2) excluding salary continuation payments for participants on military service (Amendment Section 3.2(c)), and (3) excluding salary continuation payments for disabled participants (Amendment Section 3.2(d)).
 - b. The "first few weeks" rule does not apply for purposes of 415 Compensation (Amendment Section 3.3).
 - c. The provision of the Plan setting forth the definition of compensation for allocation purposes (hereinafter referred to as "Plan Compensation") shall be modified to provide for the same adjustments to Plan Compensation (for all contribution types) that are made to 415 Compensation pursuant to this Amendment.
- 2.2 **In lieu of default provisions.** In lieu of the default provisions above, the following apply: (select all that apply; if no selections are made, then the defaults apply)
- 415 Compensation.** (select all that apply):
- a. Exclude leave cashouts and deferred compensation (Section 3.2(b))
 - b. Include military continuation payments (Section 3.2(c))
 - c. Include disability continuation payments (Section 3.2(d)):
 1. For Nonhighly Compensated Employees only
 2. For all participants and the salary continuation will continue for the following fixed or determinable period: _____
 - d. Apply the administrative delay ("first few weeks") rule (Section 3.3)

Plan Compensation. (select all that apply):

NOTE: Elective Deferrals include Roth Elective Deferrals, Matching includes QMACs, and Nonelective includes QNECs unless specified otherwise. ADP safe harbor matching contributions are subject to the provisions for Employer matching contributions. For all Plans other than 401(k) plans, do not make any selections at 1. – 4. in the table below.

	Elective Deferrals	Matching	Nonelective Profit Sharing	ADP Safe Harbor Nonelective
e. <input checked="" type="checkbox"/> Default provisions apply	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
f. <input type="checkbox"/> No change from existing Plan provisions	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
g. <input type="checkbox"/> Exclude all post-severance compensation	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
h. <input type="checkbox"/> Exclude post-severance regular pay	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
i. <input type="checkbox"/> Exclude leave cashouts and deferred compensation	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
j. <input type="checkbox"/> Include military continuation payments	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
k. <input type="checkbox"/> Include disability continuation payments:	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
a. <input type="checkbox"/> For Nonhighly Compensated Employees only				
b. <input type="checkbox"/> For all participants and the salary continuation will continue for the following fixed or determinable period:				

l. <input type="checkbox"/> Other: _____ (describe)				

Plan Compensation Special Effective Date. The definition of Plan Compensation is modified as set forth herein effective as of the same date as the 415 Compensation change is effective unless otherwise specified.
 m. _____ (enter the effective date)

**ARTICLE III
 FINAL SECTION 415 REGULATIONS**

- 3.1 **Effective date.** The provisions of this Article III shall apply to limitation years beginning on and after July 1, 2007.
- 3.2 **415 Compensation paid after severance from employment.** 415 Compensation shall be adjusted, as set forth herein and as otherwise elected in Article II, for the following types of compensation paid after a Participant's severance from employment with the Employer maintaining the Plan for any other entity that is treated as the Employer pursuant to Code §414(b), (c), (m) or (o)). However, amounts described in subsections (a) and (b) below may only be included in 415 Compensation to the extent such amounts are paid by the later of 2 1/2 months after severance from employment or by the end of the limitation year that includes the date of such severance from employment. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered 415 Compensation within the meaning of Code §415(c)(3), even if payment is made within the time period specified above.
- (a) **Regular pay.** 415 Compensation shall include regular pay after severance of employment if:
- (1) The payment is regular compensation for services during the participant's regular working hours, or compensation for services outside the participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and
 - (2) The payment would have been paid to the participant prior to a severance from employment if the participant had continued in employment with the Employer.
- (b) **Leave cashouts and deferred compensation.** Leave cashouts shall be included in 415 Compensation, unless otherwise elected in Section 2.2 of this Amendment, if those amounts would have been included in the definition of 415 Compensation if they were paid prior to the participant's severance from employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the participant would have been able to use the leave if employment had continued. In addition, deferred compensation shall be included in 415 Compensation, unless otherwise elected in Section 2.2 of this Amendment, if the compensation would have been included in the definition of 415 Compensation if it had been paid prior to the participant's severance from employment, and the compensation is received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the participant had continued in employment with the Employer and only to the extent that the payment is includible in the participant's gross income.
- (c) **Salary continuation payments for military service participants.** 415 Compensation does not include, unless otherwise elected in Section 2.2 of this Amendment, payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Code §414(u)(1)) to the extent those payments do not exceed

the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

(d) **Salary continuation payments for disabled Participants.** Unless otherwise elected in Section 2.2 of this Amendment, 415 Compensation does not include compensation paid to a participant who is permanently and totally disabled (as defined in Code §22(e)(3)). If elected, this provision shall apply to either just non-highly compensated participants or to all participants for the period specified in Section 2.2 of this Amendment.

3.3 **Administrative delay ("the first few weeks") rule.** 415 Compensation for a limitation year shall not include, unless otherwise elected in Section 2.2 of this Amendment, amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates. However, if elected in Section 2.2 of this Amendment, 415 Compensation for a limitation year shall include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next limitation year, the amounts are included on a uniform and consistent basis with respect to all similarly situated participants, and no compensation is included in more than one limitation year.

3.4 **Inclusion of certain nonqualified deferred compensation amounts.** If the Plan's definition of Compensation for purposes of Code §415 is the definition in Regulation Section 1.415(c)-2(b) (Regulation Section 1.415-2(d)(2) under the Regulations in effect for limitation years beginning prior to July 1, 2007) and the simplified compensation definition of Regulation 1.415(c)-2(d)(2) (Regulation Section 1.415-2(d)(10) under the Regulations in effect for limitation years prior to July 1, 2007) is not used, then 415 Compensation shall include amounts that are includible in the gross income of a Participant under the rules of Code §409A or Code §457(f)(1)(A) or because the amounts are constructively received by the Participant. [Note if the Plan's definition of Compensation is W-2 wages or wages for withholding purposes, then these amounts are already include in Compensation.]

3.5 **Definition of annual additions.** The Plan's definition of "annual additions" is modified as follows:

(a) **Restorative payments.** Annual additions for purposes of Code §415 shall not include restorative payments. A restorative payment is a payment made to restore losses to a Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under ERISA or under other applicable federal or state law, where participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative payments only if the payments are made in order to restore some or all of the plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). This includes payments to a plan made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under ERISA are not restorative payments and generally constitute contributions that are considered annual additions.

(b) **Other Amounts.** Annual additions for purposes of Code §415 shall not include: (1) The direct transfer of a benefit or employee contributions from a qualified plan to this Plan; (2) Rollover contributions (as described in Code §§401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)); (3) Repayments of loans made to a participant from the Plan; and (4) Repayments of amounts described in Code §411(a)(7)(B) (in accordance with Code §411(a)(7)(C)) and Code §411(a)(3)(D) or repayment of contributions to a governmental plan (as defined in Code §414(d)) as described in Code §415(k)(3), as well as Employer restorations of benefits that are required pursuant to such repayments.

(c) **Date of tax-exempt Employer contributions.** Notwithstanding anything in the Plan to the contrary, in the case of an Employer that is exempt from Federal income tax (including a governmental employer), Employer contributions are treated as credited to a participant's account for a particular limitation year only if the contributions are actually made to the plan no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable, depending on the basis on which the employer keeps its books) with or within which the particular limitation year ends.

3.6 **Change of limitation year.** The limitation year may only be changed by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Plan's limitation year, then the Plan is treated as if the Plan had been amended to change its limitation year.

3.7 **Excess Annual Additions.** Notwithstanding any provision of the Plan to the contrary, if the annual additions (within the meaning of Code §415) are exceeded for any participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Revenue Procedure 2006-27 or any superseding guidance, including, but not limited to, the preamble of the final §415 regulations.

3.8 **Aggregation and Disaggregation of Plans.**

(a) For purposes of applying the limitations of Code §415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Employer (or a "predecessor employer") under which the participant receives annual additions are treated as one defined contribution plan. The "Employer" means the Employer that adopts this Plan and all members of a controlled group or an affiliated service group that includes the Employer (within the meaning of Code §§414(b), (c), (m) or (o)), except that for purposes of this Section, the determination shall be made by applying Code §415(h), and shall

take into account tax-exempt organizations under Regulation Section 1.414(c)-5, as modified by Regulation Section 1.415(a)-1(f)(1). For purposes of this Section:

(1) A former Employer is a "predecessor employer" with respect to a participant in a plan maintained by an Employer if the Employer maintains a plan under which the participant had accrued a benefit while performing services for the former Employer, but only if that benefit is provided under the plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Regulation Section 1.415(f)-1(b)(2) apply as if the Employer and predecessor Employer constituted a single employer under the rules described in Regulation Section 1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Regulation Section 1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(2) With respect to an Employer of a participant, a former entity that antedates the Employer is a "predecessor employer" with respect to the participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(b) **Break-up of an affiliate employer or an affiliated service group.** For purposes of aggregating plans for Code §415, a "formerly affiliated plan" of an employer is taken into account for purposes of applying the Code §415 limitations to the employer, but the formerly affiliated plan is treated as if it had terminated immediately prior to the "cessation of affiliation." For purposes of this paragraph, a "formerly affiliated plan" of an employer is a plan that, immediately prior to the cessation of affiliation, was actually maintained by one or more of the entities that constitute the employer (as determined under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2)), and immediately after the cessation of affiliation, is not actually maintained by any of the entities that constitute the employer (as determined under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2)). For purposes of this paragraph, a "cessation of affiliation" means the event that causes an entity to no longer be aggregated with one or more other entities as a single employer under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the employer under the employer affiliation rules of Regulation Section 1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

(c) **Midyear Aggregation.** Two or more defined contribution plans that are not required to be aggregated pursuant to Code §415(f) and the Regulations thereunder as of the first day of a limitation year do not fail to satisfy the requirements of Code §415 with respect to a participant for the limitation year merely because they are aggregated later in that limitation year, provided that no annual additions are credited to the participant's account after the date on which the plans are required to be aggregated.

**ARTICLE IV
PLAN COMPENSATION**

- 4.1 **Compensation limit.** Notwithstanding Amendment Section 2.2, or any election in Amendment Section 2.2, if the Plan is a 401(k) plan, then participants may not make elective deferrals with respect to amounts that are not 415 Compensation. However, for this purpose, 415 Compensation is not limited to the annual compensation limit of Code §401(a)(17).
- 4.2 **Compensation paid after severance from employment.** Compensation for purposes of allocations (hereinafter referred to as Plan Compensation) shall be adjusted, unless otherwise elected in Amendment Section 2.2, in the same manner as 415 Compensation pursuant to Article III of this Amendment if those amounts would have been included in Compensation if this was paid prior to the Participant's severance from employment, except in applying Article III, the term "limitation year" shall be replaced with the term "plan year" and the term "415 Compensation" shall be replaced with the term "Plan Compensation."
- 4.3 **Option to apply Plan Compensation provisions early.** The provisions of this Article shall apply for Plan Years beginning on and after July 1, 2007, unless another effective date is specified in Section 2.2 of this Amendment.

Except with respect to any election made by the employer in Section 2.2, this amendment is hereby adopted by the volume submitter practitioner on behalf of all adopting employers on:

_____ (signature and date)

NOTE: The Employer only needs to execute this Amendment if an election has been made in Section 2.2 of this Amendment.

This amendment has been executed this _____ day of _____.

Name of Plan: Public Utility District No. 1 of Okanogan County 401(a) Plan

Name of Employer: Public Utility District No. 1 of Okanogan County

By: _____
EMPLOYER

MODIFICATIONS TO RANDALL & HURLEY, INC.'S VOLUME SUBMITTER
PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY 401(A) PLAN

Certain modifications from the volume submitter plan have been made to this Adoption Agreement. In accordance with the IRS determination letter submission requirements, the location, nature and effect of these changes are listed below.

To facilitate your review of these changes, we have extracted from the Adoption Agreement the entire paragraph in which a change occurred. We have indicated the page number or the Section of the Adoption Agreement where the modified paragraph appears. The effect the change has on the Plan is listed below the paragraph.

THE FOLLOWING PARAGRAPH HAS BEEN MODIFIED:

DRAFT

APPENDIX A
SPECIAL EFFECTIVE DATES AND OTHER PERMITTED ELECTIONS

A. Special effective dates. The following special effective dates apply: (Select a. or all that apply at b. - d.)

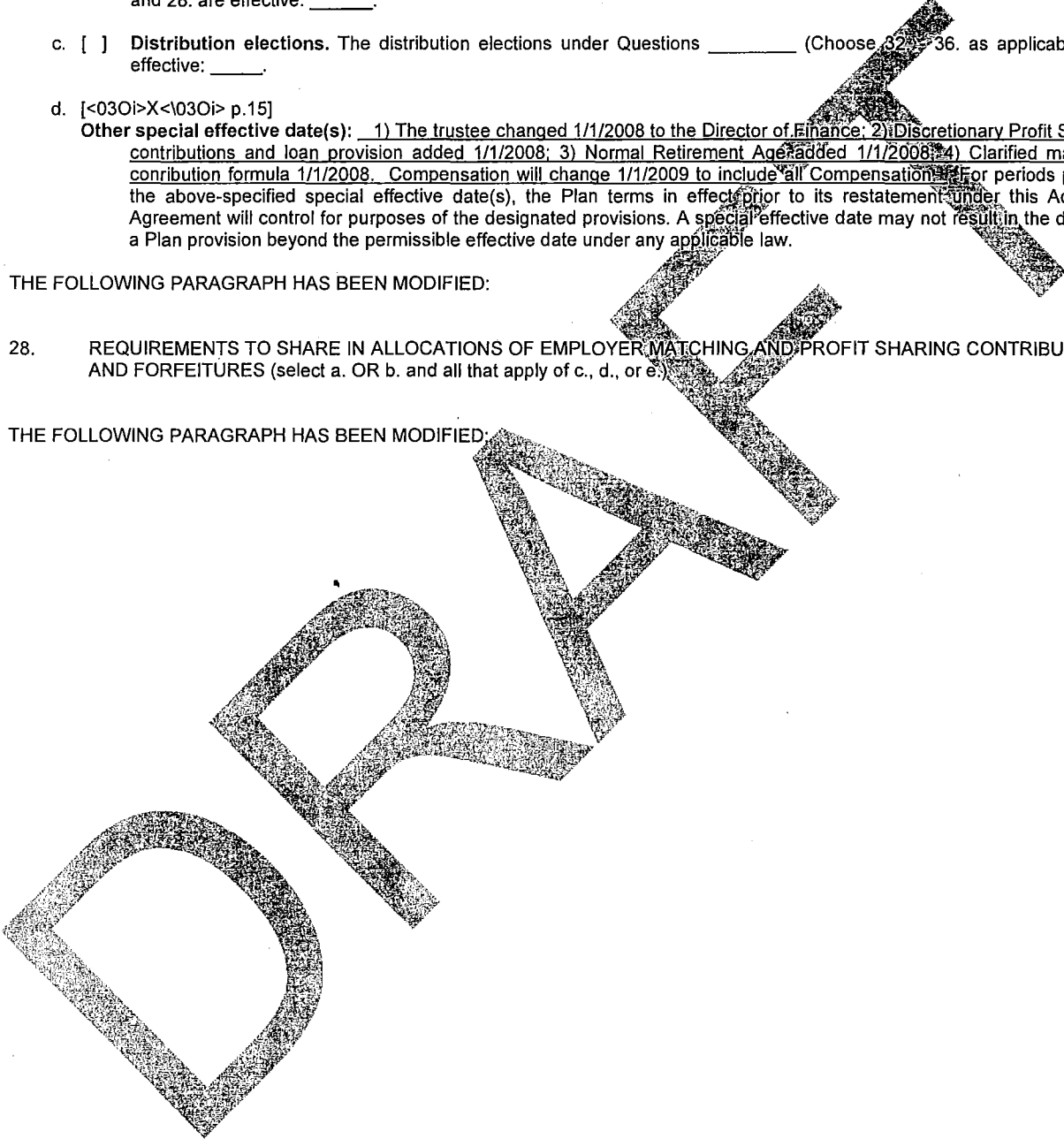
- a. N/A. No special effective dates selected below.
- b. **Employer Profit Sharing Contributions.** The Employer Profit Sharing Contribution provisions under Questions 27. and 28. are effective: _____.
- c. **Distribution elections.** The distribution elections under Questions _____ (Choose 32 - 36. as applicable) are effective: _____.
- d. [030] p.15]

Other special effective date(s): 1) The trustee changed 1/1/2008 to the Director of Finance; 2) Discretionary Profit Sharing contributions and loan provision added 1/1/2008; 3) Normal Retirement Age added 1/1/2008; 4) Clarified matching contribution formula 1/1/2008. Compensation will change 1/1/2009 to include all Compensation. For periods prior to the above-specified special effective date(s), the Plan terms in effect prior to its restatement under this Adoption Agreement will control for purposes of the designated provisions. A special effective date may not result in the delay of a Plan provision beyond the permissible effective date under any applicable law.

THE FOLLOWING PARAGRAPH HAS BEEN MODIFIED:

28. REQUIREMENTS TO SHARE IN ALLOCATIONS OF EMPLOYER MATCHING AND PROFIT SHARING CONTRIBUTIONS AND FORFEITURES (select a. OR b. and all that apply of c., d., or e.)

THE FOLLOWING PARAGRAPH HAS BEEN MODIFIED:



CONTRIBUTIONS AND ALLOCATIONS

27. FORMULA FOR DETERMINING EMPLOYER PROFIT SHARING CONTRIBUTION (Plan Section 4.3(b)) (d. may be selected in addition to b. or c.)

- a. N/A. No Employer Profit Sharing Contributions may be made (other than top-heavy minimum contributions) (skip to Question 28.)
- b. Discretionary contribution, to be determined by the Employer.
- c. Fixed contribution equal to _____% of Compensation of Participants eligible to share in allocations.
- d. .

FORMULA FOR DETERMINING EMPLOYER MATCHING CONTRIBUTIONS

- 1. n/a. There will not be any Employer matching contributions.
- 2. The Employer....(select a. or b.)
 - a. may make matching contributions equal to a discretionary percentage, to be determined by the Employer, of the Participant's Elective Deferrals.
 - b. will make matching contributions equal to 50% of the Participant's Elective Deferrals, plus:
 - a. N/A
 - b. an additional matching contribution of a discretionary percentage, to be determined by the Employer, but not to exceed _____% (leave blank if not applicable) of Compensation.

AND, in determining the Employer matching contribution above, for Exempt Employees, only Elective Deferrals up to the percentage or dollar amount specified below will be matched: (select c. and/or d. OR e.)

- c. the lesser of 6% of a Participant's Compensation or \$7,750.
- d. \$_____.
- e. a discretionary percentage of a Participant's Compensation or a discretionary dollar amount, the percentage or dollar amount to be determined by the Employer on a uniform basis for all Participants.

AND, in determining the Employer matching contribution above, for Non-Exempt Employees, only Elective Deferrals up to the percentage or dollar amount specified below will be matched: (select f. and/or g. OR h.)

- f. the lesser of 2% of a Participant's Compensation or \$7,750.
- g. \$_____.
- h. a discretionary percentage of a Participant's Compensation or a discretionary dollar amount, the percentage or dollar amount to be determined by the Employer on a uniform basis for all Participants.

Matching Limit. The Employer matching contribution made on behalf of any Participant for any Plan Year will not exceed:

- 3. N/A. No limit on the amount of matching contribution.
- 4. \$7,750.
- 5. _____% of Compensation.

Period of Determination: The matching contribution formula will be applied on the following basis (and any Compensation or dollar limitation used in determining the match will be based on; the applicable period):

- 6. the Plan Year.
- 7. each payroll period.
- 8. all payroll periods ending within each month.
- 9. all payroll periods ending with or within each Plan Year quarter.
- 10. [p.7]

N/A, the Plan only provides for discretionary matching contributions.

THE FOLLOWING PARAGRAPH HAS BEEN MODIFIED:

VESTING

19. VESTING OF PARTICIPANT'S INTEREST (Plan Section 6.4(b))
- a. N/A. No Employer matching or profit sharing contributions are subject to a vesting schedule. (skip to Question 23.)
 - b. 100% for those Participants employed on _____ (enter date). For those Participants hired after such date, the vesting provisions selected below apply.
 - c. The vesting provisions selected below apply.

Vesting for Employer Matching and Profit Sharing Contributions.

- d. 100% vesting. Participants are 100% vested in Employer profit sharing contributions upon entering Plan. (Required if eligibility requirement is greater than 1 Year (or Period) of Service.)
- e. The following vesting schedule, based on a Participant's Years of Service (or Periods of Service if the Elapsed Time method is selected), applies to Employer profit sharing contributions:
 - 1. 6 Year Graded: 0-1 year-0%; 2 years-20%; 3 years-40%; 4 years-60%; 5 years-80%; 6 years-100%
 - 2. 4 Year Graded: 1 year-25%; 2 years-50%; 3 years-75%; 4 years-100%
 - 3. 5 Year Graded: 1 year-20%; 2 years-40%; 3 years-60%; 4 years-80%; 5 years-100%
 - 4. 3 Year Cliff: 0-2 years-0%; 3 years-100%
 - 5. 7 Year Graded: 0-2 years-0%; 3 years-20%; 4 years-40%; 5 years-60%; 6 years-80%; 7 years-100%
 - 6. 5 Year Cliff: 0-4 years-0%; 5 years-100%
 - 7. Other - Must be at least as liberal as either 5. or 6. above in each year without switching between the two schedules:

THE FOLLOWING PARAGRAPH HAS BEEN MODIFIED:

13. CONTRIBUTION TYPES
- The following contributions are authorized under this Plan. The selections made below should correspond with the selections made under the Contributions and Allocations section of this Adoption Agreement.
- a. Employer Profit Sharing Contributions (includes Prevailing Wage Contributions) (Question 27.)
 - b. Rollover Contributions (Question 39.)
 - c. Employer Matching Contributions
 - c. This is a frozen Plan effective: _____