

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1, 1976

Reviewed: January 9, 2013

Revised: May 19, 2020

POLICY NO. 1-10  
Benefits for Retired Directors

I. OBJECTIVE

To provide a continuing medical care program for directors who retire after having served three (3) or more years as a board member, and to set the terms and conditions thereof.

II. POLICY

A member of the board of directors who retires after having served twelve (12) or more years as a director may, subject to the terms and conditions herein set out, maintain medical coverage in accordance with the terms of the group medical insurance policy maintained by the Company for its employees and directors.

The premiums for said coverage shall be paid as follows:

A. All directors retiring before January 1, 2013, who has served at least twelve (12) years as a director, but who has served less than eighteen (18) years at time of retirement may maintain and continue his or her medical coverage by electing to do so and by paying to the Company one-half (1/2) of the costs of the coverage, and the Company shall pay the other one-half (1/2) of the cost. All provisions to the contrary notwithstanding, beginning January 1, 2013, the cost to be paid by the Company for a monthly premium of any director and their dependents shall not exceed the sum of \$1,750. Moreover, should a retired director be entitled to Medicare coverage, the cost to be paid by the Company shall not exceed the sum of \$1,250, monthly.

B. All directors retiring before January 1, 2013 who has served at least eighteen (18) years as a director at the time of retirement may maintain and continue his or her medical coverage by electing to do so and the Company shall pay the costs of the coverage. All provisions to the contrary notwithstanding, beginning January 1, 2013, the cost to be paid by the Company for a monthly premium of any director and their dependents shall not exceed the sum of \$3,500. Moreover, should a retired director be entitled to Medicare coverage, the cost to be paid by the Company shall not exceed the sum of \$2,500 monthly.

C. All active directors as of January 1, 2013 and retire after that date, who was offered and signed an Election Agreement Regarding Post- Retirement Health Insurance Benefits ("Agreement" herein) offered by the Company will continue with medical and other benefit insurances under the provisions of the Agreement.

D. A director may retain life insurance coverage at his or her own expense.

### III. TERMS AND CONDITIONS

The benefits provided in section II above shall be subject to the following terms and conditions.

A. The benefits shall be provided for only so long as the terms of the Company medical insurance plan permit and provide coverage for retired board members and/or their spouses.

B. The benefits shall be subject to all terms of the Company medical insurance plan as the same may be from time to time amended.

C. The benefits shall be at a cost as determined and set by the carrier of the medical insurance plan, and if the carrier does not allocate costs as to each person or categories of persons covered, the costs shall be determined by the board of directors on a reasonable basis or in such other installments as the board of directors determine and set.

D. The coverage shall be for the period of time determined by the retired director.

E. The coverage of the director may include coverage for his or her spouse, if permitted by the carrier, and terms of the Company may also extend for the period of time determined by the spouse, if that is also permitted. If a director becomes deceased, the director's spouse will continue such insurance as permitted by the Company's plan for a 6-month grace period. Following the 6-month grace period, the director's spouse may only continue such insurance as permitted by the Company's plan so long as the deceased director's spouse pays the premium for such insurance.

F. The number of years of service required to obtain the benefits need not be consecutive; however, to qualify as cumulative years, the policy must have been kept in force during all times that such person was not serving as a director, but if the policy was not kept in force during such periods, such person will only be entitled to credit for the number of years served before the break in service.

G. Directors shall become eligible for purposes of this policy as follows:

(a) Voluntary retirement, (b) failure to be re-elected to the board, (c) failure to be qualified to serve pursuant to provisions of the Company by-laws, or (d) election to exercise Agreement, pursuant to II(c) herein, by active directors during open enrollment, save and except, should a director be removed from office by action of the board of directors or by the members on the basis of malfeasance, misfeasance or nonfeasance of office, crimes against the Company or being adjudged guilty of a felony, it shall not be considered retirement, and such a director so removed from office shall not be entitled to the benefits of this policy.

H. Should a retired director be required by this policy to pay all or one-half (1/2) of the costs of his or her medical coverage, and fails to pay the same within sixty days from the date due, the coverage of the director and coverage for the director's spouse, if there is such coverage, may be canceled by action of the board of directors.

I. The above-described policy only applies to those who served as directors as of December 31, 2005; provided, however, any such retired director may maintain the medical insurance coverage permitted by the Company's health insurance for such director and the director's spouse so long as the premiums for such insurance are paid for by the director.

#### IV. RESPONSIBILITIES

The board of directors in coordination with the chief executive officer shall be responsible for administering this policy.