

East Central Energy  
Board Operating Policy  
**Investments**

It shall be the goal of East Central Energy (ECE) to utilize its current operating funds and longer term investments to the best advantage of the Cooperative. These funds shall be invested to obtain, as conditions permit, the highest rate of return and to provide for the safety and security of these investments. They shall be deposited in financial institutions that provide Federal Deposit Insurance Corporation (FDIC) protection and/or appropriate security approved by ECE Board of Directors.

Longer term investments (over one year) should provide for various lengths of maturity. Investments should be easily liquidated with a minimum loss of interest and principle should it be necessary to liquidate them prior to maturity.

Any exceptions to this investment policy will be adopted with a certified Board resolution.

**I. Checking account balances**

- A. It is the goal of ECE to maintain checking account balances sufficient to meet minimum-fund requirements of banks used as depositories. These funds are not considered investable funds within the meaning of this procedure.
- B. A financial institution that provides FDIC protection will be used for the deposit of general funds for general fund checking. This checking account is used as a sweep account in conjunction with a money market account. The balance in the money market account will be equal to or more than our outstanding checks. A letter of credit will be purchased to cover all dollars over the FDIC protection amounts.

**II. Cash management**

Commercial paper is used to accumulate cash to pay the monthly power bill. These funds are not considered “investment funds” within the meaning of this policy. Commercial paper can also be used for investment within the meaning of this policy in addition to funds used for the power bill.

**III. Investing of general funds**

- A. Investments will be made in institutions consistent with standard safety/security guidelines. Investments may exceed FDIC insurance if a letter of credit is purchased to cover additional dollars.
- B. Funds that are available for longer period investments will be placed in approved investments, which provide the highest rate of return.
- C. The current ten-year financial forecast prepared as part of the budgeting process should be used as a guide for the level of general funds desired. In addition, ECE will maintain a line of credit to supplement its general funds as necessary.

**IV. Approved financial institutions**

- A. The approved investment institutions are CFC and CoBank. Temporary money market funds may be kept on deposit at a local bank. Money to be applied toward RUS/FFB debt may be invested in the RUS Cushion of Credit.
- B. Institutions not listed above must be reviewed by management and approved by the Board of Directors to qualify as approved investment institutions.
- C. Funds will be invested with the objective of receiving the highest return, provided:
  - 1. Investments are insured, or
  - 2. Investments are made in financial instruments of institutions whose senior unsecured debt obligations are rated by a nationally recognized rating organization in any of the top three highest categories, or
  - 3. Instruments of the federal government.

**V. Outsourcing**

ECE may choose to outsource investment activities if it is determined to be the most efficient and economical way to keep ECE financials healthy while maximizing the value of ECE resources.

I, Linda Laitala, secretary-treasurer of East Central Energy, do hereby certify that this policy was adopted by the ECE Board of Directors November 8, 1979, and this policy was revised June 23, 2017.

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Linda Laitala, secretary-treasurer

Adopted: 11/08/79

Revision Dates: 8/18/95, 9/19/97, 6/16/00, 3/21/03, 9/23/04. 9/22/06, 9/25/09, 12/16/11, 3/21/14, 6/23/17